

Buried Heritage

BRAZIL BEGINS WELL, WITH SCOTLAND'S HELP



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Greenspan Says U.S. Is in a 'Virtuous Cycle'

Tumbling Asian Shares

Percentage change in main share indexes on Wednesday and year to date

	% change Wednesday	% change year to date
Thailand	-5.24	-21.62
Hong Kong	-4.91	-25.58
Singapore	-4.42	-30.20
S. Korea	-4.33	-13.49
Malaysia	-3.12	-17.59
Taiwan	-3.12	-11.78
Japan	-1.22	-0.53
Australia	-1.18	-0.80
Indonesia	-0.73	-11.59
Philippines	-0.29	-12.80

Source: Bloomberg

Asian Stocks Recoil on Fear Of Contagion From the Yen

By Philip Segal
International Herald Tribune

HONG KONG — Stocks and currencies fell steeply across Asia on Wednesday as the Japanese yen continued its plunge, and markets grew more fearful that China could devalue its currency in frustration over Japan's perceived reluctance to support the yen.

Every major stock market in Asia fell — many by more than 3 percent — in fear of a renewed bout of competitive currency devaluations that could be induced by a weak yen and a devalued Chinese yuan.

The U.S. dollar was trading at 141.58 yen late in the day Wednesday in New York, up from 140.26 on Tuesday.

European markets shuddered as well, though most bourses kept losses below 1 percent.

The market turmoil followed remarks by the governor of the Chinese central bank, Dai Xianglong, who said Tuesday that "the depreciation of the yen is having a very negative impact on China's imports and exports, and the utilization of foreign capital."

Although he repeated Beijing's oft-stated promise not to devalue the yuan, stock and currency markets were set on edge by what they took to be China's growing impatience with Japan, which China may think should be doing more in concert with the United States to support the yen.

"China has done its part by keeping the yuan stable," said Billy Chan, a fund manager at Invesco Asset Management Asia Ltd.

"So it's natural the Chinese may not

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The Dollar			
	Wednesday 4 P.M.	previous close	
New York	1.7955	1.78	
DM	141.58	140.26	
Yen	6.0215	5.9685	
FF	1.6285	1.6365	
Pound	1.6285	1.6365	
The Dow			
	Wednesday close	percent change	
Dow	8,971.70	-0.88%	
S&P 500	1,112.85	-0.59%	

Newsstand Prices			
Bahrain	1,000 BD	Melita	55 c
Cyprus	€ 1.00	Nigeria	125.00 Naira
Denmark	14.00 Dkr	Oman	1.250 QR
Finland	12.00 Fm	Qatar	10.00 QR
Gibraltar	€ 0.85	Rep. Ireland	€ 1.00
Great Britain	€ 0.90	Saudi Arabia	10 SR
Egypt	€ 5.50	S. Africa	R12 + VAT
Jordan	1,250 JD	S. A.E.	10.00 Dh
Kenya	€ 54.160	U.S. Mil. (Eur)	\$ 1.20
Kuwait	700 Fils	Zimbabwe	Zm\$40.00

Economy Weathers The Asian Threat

By Mitchell Martin
International Herald Tribune

NEW YORK — Alan Greenspan, the Federal Reserve Board chairman, said Wednesday that the U.S. economy was "enjoying a virtuous cycle," in which rising stock prices encourage spending and growth, and he raised the possibility that the economy has "moved beyond history."

Mr. Greenspan said that the U.S. economy has "remained strong this year despite the evidence of substantial drag from Asia, and at the same time, inflation has remained low."

This situation, he said, "is not what historical relationships would have led us to expect at this point in the business expansion, and while it is possible that we have, in a sense, moved beyond history, we also have to be alert to the possibility that less-favorable historical relationships will eventually reassert themselves."

Although his address to the Joint Economic Committee of Congress was peppered with caveats, his general tone was upbeat and he said "very clearly" that there was "no sign" that the central bank needed to raise interest rates to combat inflation in the coming months, according to Larry Kimball, professor of business economics at the University of California at Los Angeles.

Mr. Greenspan's comments gave impetus to a Treasury bond rally that began earlier in the day as investors sought a haven from the troubled Asian financial markets.

But stocks fell back after the Fed chairman warned that profit growth at U.S. corporations could slow.

Mr. Kimball, who teaches at UCLA's Anderson School, said Mr. Greenspan had alleviated fears that the central bank's policy-setting Federal Open Market Committee would vote to raise interest rates in the near future.

"He is telling everyone to relax, if you look to the end of the summer, maybe the end of the year, it looks great," he said.

Many of Mr. Greenspan's comments were on the subject of productivity growth, the linchpin of the so-called New Age economic theory, whose adherents believe that improvements in technology are allowing the economy to expand far more quickly than was thought possible.

"Signs of a major technological transformation of the economy are all around us," Mr. Greenspan said, "and the benefits are evident not only in high-tech industries but also in production processes that have long been part of our industrial economy."

But Mr. Kimball noted that the Fed chairman "also said clearly that the

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Sickly Sheikh Is Reviving Hamas

Hard-Line Anti-Israel Stand Gains Money and Adherents

By Lee Hockstader
Washington Post Service

GAZA — Sheikh Ahmad Yassin is aged, sickly, blind, paralyzed and confined to a wheelchair. A doctor who has treated him says "everything" is wrong with his health. Yet for the last couple of months, Sheikh Yassin, founder and spiritual leader of the militant Palestinian group Hamas, has staged a remarkable show of strength.

Sheikh Yassin, who left his base in Gaza on Feb. 19, citing the need for medical treatment in Egypt, promptly embarked on a comprehensive tour of the Arab world, where he met with the mighty, dispensed incendiary pronouncements to the media and was received with the kind of pomp and fanfare ordinarily reserved for heads of state.

Along the way, he was reported — probably inflatedly — to have raised tens of millions of dollars for Hamas, whose avowed goal is to eliminate Israel through armed attacks and whose preferred means in the recent past has been suicide attacks against civilians.

Now, Sheikh Yassin is set to return home to Gaza this weekend as a rising star — a man

regarded in Israel and Washington as a leading terrorist who is suddenly riding a wave of enhanced prestige in the Arab world.

"It's not about money — he can collect money sitting in Gaza," said Ghazi Hamad, editor of a Gaza newspaper, The Message, with close ties to Hamas. "But the official reception of Yassin from these countries signals growing support for Hamas."

If that assessment is correct — and analysts believe it is — it is bad news for Yasser Arafat, president of the quasi-statelet known as the Palestinian Authority. It is also bad news for Israel. Both Israeli and Palestinian Authority officials say they fear that Hamas may use any money that Sheikh Yassin raises not only for the group's extensive social network of charitable societies, mosques, medical clinics and orphanages, but also for renewed attacks on Israel.

No major terror attacks have occurred in Israel in nearly a year. If one were to occur, analysts say, it would most likely deal a death blow to an Israeli-Palestinian peace process that is already in dire condition.

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Jakarta Groups Document Mass Rapes of Chinese

By Seth Mydans
New York Times Service

JAKARTA — Human rights and women's aid groups have begun to document what they say appears to have been an organized campaign of assaults, gang rapes and killings of Chinese women during three days of rioting in Jakarta last month.

The aid workers say they have talked with dozens of victims or relatives of victims, and they estimated this week that more than 100 women and girls may have been attacked and raped in Jakarta alone as their neighborhoods were burning between May 13 and 15. There were reports of similar attacks during riots in other cities that preceded the fall of President Suharto on May 21.

Sita Kayam, a worker at a women's aid center,

said she believed that hundreds of women were receiving physical or psychological help at hospitals here.

Other aid workers said most of the victims remained too traumatized to talk about their experiences and too terrified of reprisals to report their ordeals to officials or even to unofficial rape centers. The police said no reports of rape had been brought to the authorities.

Another worker at the women's aid center, Ita Nadia, said some women had committed suicide after their ordeals.

The reported attacks ranged from the degrading and humiliating to the horrific: from women who were made to strip and perform calisthenics in public to women who were repeatedly raped and then thrown into the flames of burning buildings.

The reports involve girls and women ranging in age from 10 to 55, the aid workers said. Some were gang-raped in front of a crowd in the Chinese commercial district of Glodok, said Rita Koliboo-so, executive director of the women's group Mitra Perempuan.

"Some of the rapists said, 'You must be raped because you are Chinese and non-Muslim,'" said Miss Ita, who works at a crisis center called Kalyana Mitra. Ethnic Chinese citizens, who control much of the country's commerce, have been targets of violence in Indonesia for years.

The consensus among human rights workers and rape counselors is that the attacks were mostly organized by unknown groups, in the same way

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Brazil's Cesar Sampaio, number 5, heading in the first goal of the World Cup — in the fourth minute.

Defending Champions Take Opener

A Scottish Own-Goal in 2d Half Hands Victory to Brazilians

By Christopher Clarey
International Herald Tribune

SAINT-DENIS, France — The opening game of the 16th World Cup finals was still an hour away from starting, but Scotland was about to take an early lead over the defending champion.

As a group of Brazilian fans trundled by on the esplanade leading to the Stade de France, a bearded Scottish supporter holding a beer bottle and the hem of his kilt shouted out, "Has Ronaldo seen this?" He quickly turned around and flipped up his kilt, exposing his very bare bottom.

There would be more surprises inside the stadium for the

Brazilians as the hard-running, spirited Scots gave their team greater resistance than expected on Wednesday night. But ultimately there would be no shock heard round the hemispheres as Brazil prevailed, 2-1, after Scottish defender Tommy Boyd's own-goal broke a tie in the 73d minute.

World Cup openers have a tradition of being underwhelming, but this one was livelier than most: full of offensive thrusts, confident shots on goal and moments of individual virtuosity from Brazil's Ronaldo, Rivaldo and Denilson.

Nonetheless, it is doubtful that the Brazilian fans who

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Milosevic Under More Pressure On Kosovo

U.S. and Russia Join Europeans in Plan To Revive Peace Talks

By Craig R. Whitney
New York Times Service

PARIS — Officials from the United States, Russia, and four European countries, trying to increase pressure on Serbia to end military sweeps against ethnic Albanians in Kosovo, agreed Wednesday that Slobodan Milosevic, who is president of rump Yugoslavia, was primarily responsible for the violence.

The officials agreed, diplomats said, on a strategy of urging Mr. Milosevic to resume talks with ethnic Albanian leaders that were suspended when the attacks began last month, and threatening him with possible military action if the attacks continued.

President Boris Yeltsin of Russia, who has so far indicated that Moscow would block moves at the United Nations to authorize NATO military moves to halt the violence in Kosovo, may meet with Mr. Milosevic soon to try to get him to change his position, Russian officials said.

In London, Prime Minister Tony Blair told Parliament, "The only circumstance in which we will ensure that President Milosevic responds to diplomatic pressure is if that is backed up by the threat, the credible threat, of the use of military force."

The U.S. secretary of defense, William Cohen, said, on his way to a NATO meeting in Brussels, that Washington did not exclude a chance that military force might have to be used.

Allied defense ministers are expected to ask NATO military planners to draw up plans for possible troop deployments for peacekeeping missions along the border between Kosovo and neighboring Albania, or even inside Kosovo.

NATO officials have also said that air strikes against Serbian strategic military targets could be considered. But the allies are still some way from actually authorizing military moves, and Russia so far agrees with them that military means cannot be excluded, diplomats say, but not that the time has come to use them.

Britain has been circulating a draft UN Security Council resolution that would authorize the North Atlantic Treaty Organization to use force to preserve peace in Kosovo. But Russia, a permanent member of the Security Council, could veto the resolution.

Jacques Blot, the senior French dip-

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AGENDA

EU Moves to Lift Ban On British Beef Exports

The European Commission recommended Wednesday the lifting of the ban on British beef exports, which was imposed two years ago at the height of the "mad cow" disease scare.

But the recommendation faces a lengthy approval process by the 15 member states of the European Union. It could be six months or more before British beef and veal is back in shops in Europe and around the world. The EU imposed a worldwide ban on British beef exports in 1996 after Britain announced a possible link between bovine spongiform encephalopathy, or "mad cow" disease, and the fatal human brain condition Creutzfeldt-Jakob disease. Page 5.

Russians Delay Action On Nuclear Arms Pact

MOSCOW (WP) — Russia's lower house of Parliament, the State Duma, moved Wednesday to postpone ratification of the START-2 strategic nuclear arms treaty.

President Bill Clinton, who has not come to Moscow for more than two years, has said he will not schedule a summit meeting here with President Boris Yeltsin until the treaty is approved. Mr. Yeltsin had invited Mr. Clinton to come to a summit in Moscow in July.

The Duma voted to downgrade a hearing next week to a conference. Instead, formal hearings will be held in the fall. The treaty, signed in 1993 and ratified by the U.S. Senate in 1996, has languished in the Duma, which is dominated by nationalists and Communists.

Delays in ratification are partly due to re-estimation at Mr. Yeltsin's victory over the Communists in winning confirmation of Prime Minister Sergei Kiriyenko in May.

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THE AMERICAS

Billionaire Gave Big Grant to Anti-Clinton Group

By David Segal
Washington Post Service

WASHINGTON — Richard Mellon Scaife, the Pittsburgh billionaire whose foundations have bankrolled an array of activities opposing President Bill Clinton, gave one of his largest grants last year to Judicial Watch, the conservative group suing the Clinton administration in 18 separate matters, newly released records show.

Mr. Scaife gave Judicial Watch \$550,000, according to documents disclosed by the Carthage Foundation, one of four philanthropies underwritten by Mr. Scaife. That sum is more than nine times as large as the \$60,000 in outside contributions Judicial Watch said it

received in 1996. "It's a minority of our support and we're very proud to receive it," the founder and president of Judicial Watch, Larry Klayman, said Tuesday before declining to comment further. In a recent interview, he would not confirm the Scaife grant and deflected questions about financing.

Mr. Scaife's foundations last year gave away \$25 million to conservative groups as well as academic institutions such as Boston University and Carnegie Mellon University.

The son of the Mellon banking family, Mr. Scaife has become a major financial resource for those eager to probe Clinton administration controversies, from the Monica Lewinsky case to the death of Vincent Fraser, the White House deputy counsel.

The independent counsel, Kenneth Starr, had once planned to accept a Scaife foundation-financed deanship at Pepperdine University, leading Clinton allies to criticize the prosecutor's conservative movement ties.

The recipient of the largest single Scaife grant last year — for \$1.5 million — was the Free Congress Research and Education Foundation Inc., a think tank run by the conservative activist Paul Weyrich. Free Congress is part owner of America's Voice, a TV network formerly known as National Empowerment Television.

The American Spectator magazine took in nearly \$1 million last year from two Scaife foundations: Carthage and the Sarah Scaife Foundation. Part of that money paid for the so-

called Arkansas Project, an investigation of alleged Clinton skulduggery in the president's home state. The project was criticized by several Spectator staffers and has given rise to an investigation into whether some Scaife money improperly went to pay a key Starr witness.

But the financial relationship between the magazine and Mr. Scaife's foundations is over.

"Let's just say that the Spectator had Scaife foundation money in the past," but that the foundations "decided to quit contributing this year," said its publisher, Terry Eastland.

Scaife foundation officials did not return telephone calls asking about Judicial Watch donations.

Wives Should 'Submit,' Baptists Say

By Gustav Niebuhr
New York Times Service

SALT LAKE CITY — The Southern Baptist Convention, the nation's largest Protestant denomination and an increasingly conservative force among American religious organizations, has amended its essential statement of beliefs to include a declaration that a woman should "submit herself graciously" to her husband's leadership and a husband should "provide for, protect and lead his family."

The amendment, a 250-word declaration on family life, was adopted by a show of hands' vote at the Baptist's annual meeting here as an addition to the denomination's basic theological statement of beliefs, the Baptist Faith and Message Statement. The vote was overwhelmingly in favor of the amendment and an attempt to soften the language was soundly turned back.

The amendment ranks as among the most prominent statements on family life by a major religious organization in recent years. The Southern Baptist denomination claims nearly 16 million members, among them President Bill Clinton, Vice President Al Gore, the House speaker, Newt Gingrich, and the Senate majority leader, Trent Lott.

While it says that husband and wife have "equal worth" before God, the choice of words about marital relations also makes it one of the most conservative of such statements. The amendment relies on such biblical passages as Ephesians 5:22-33, which compares the husband-wife relationship to that of Christ ruling the church, but which is today seldom interpreted so literally among mainline Protestants and Roman Catholics.

For example, U.S. Roman Catholic bishops, in a pastoral message on family life four years ago, said that marital roles, although different, should be characterized by "mutual submission" of a husband and wife to each other.

Paige Patterson, a seminary president from North Carolina who was elected Tuesday as the denomination's president, said the amendment was a response to "a time of growing crisis in the family." He also said people who found the language of the amendment provocative are those "who happen not to be real familiar with the Bible."

R. Albert Mohler Jr., president of Southern Baptist Theological Seminary in Louisville, Kentucky, said the amendment was based on a Southern Baptist belief in the literal interpretation of scripture. He said the submission of wives to their husbands is "not a modern idea" but "is clearly revealed in scripture."

Speaking of the amendment, he said, "The secular world may hear it as strange, but it is, we believe, God's pattern."



Paige Patterson and his wife, Dorothy, attending the Southern Baptist convention in Salt Lake City, where he was elected president of the group, the largest Protestant denomination in the United States.

End Is Near, Orlando Hears

Policies on Gays and Flags Have Landed City In Big Trouble, Religious Broadcaster Warns

By Thomas B. Edsall
Washington Post Service

WASHINGTON — The religious broadcaster Pat Robertson has warned the city of Orlando, Florida, that it risks hurricanes, earthquakes and terrorist bombs by allowing gay organizations to put up rainbow flags in support of sexual diversity.

"The Apostle Paul made it abundantly clear in the Book of Romans that the acceptance of homosexuality is the last step in the decline of Gentile civilization," Mr. Robertson told viewers of "The 700 Club" on Monday after a news report on "gay days" at Walt Disney World and the debate in Orlando on the decision to display the flags on streetlamp poles.

"I would warn Orlando that you're right in the way of some serious hurricanes, and I don't think I'd be waving those flags in God's face if I were you," Mr. Robertson said. "This is not a message of hate; this is a message of redemption. But a condition like this will bring about the destruction of your nation. It'll bring about terrorist bombs; it'll bring earthquakes, tornadoes and possibly a meteor."

The text of Mr. Robertson's com-

ments was distributed by Americans United for Separation of Church and State, a group critical of many of Mr. Robertson's policies and comments. Patry Silverman, a Christian Broadcasting Network spokeswoman, confirmed the accuracy of the transcript.

Jim DeSimone, communications director for Orlando's mayor, Glenda Hood, called the CBN news report that preceded Mr. Robertson's statements "fair." Mr. Robertson's "comments went beyond the factual issues and really talked about the possibility of God's wrath, and I just don't have any comment on that," Mr. DeSimone said. "That is clearly his right to have that opinion, and we just hope he is wrong."

Mr. DeSimone said city policy called for granting approval of requests to display flags to groups that pay the costs, do not advertise products and are open to the public. The gay groups met these requirements, he said. Mr. Robertson said that his words reflected biblical truth and were not just an expression of his opinion. Anticipating criticism, he said, "I'm quoting the Apostle Paul now, so when you write your editorials, Mr. Editors, please remember who you're quoting."

other riches. But two years later the surviving soldiers, sailors and artisans left, desolate, empty-handed and battered by a hurricane. In November 1698 came a new expedition, which built a permanent settlement to help protect Spanish ships. "They were scared to death that either the French or the English were going to come in and occupy one of the ports on the northern Gulf Coast," giving them a base from which to attack the Spanish treasure fleet, said Bill Coker, a local historian.

The city (the name Pensacola, from an Indian word for "long-haired," came later) this week opened a yearlong festival to celebrate that second founding. Prime Minister Jose Marie Aznar of Spain was scheduled to take part.

Faced by miles of Atlantic beaches and empty chairs, New York City is trying to lure lifeguards from the West Coast. Only 400 of 1,200 positions have been filled so far, forcing portions of some beaches to close, reports the Los Angeles Times.

"We do not have the pool culture and the beach culture that we had in the '50s, when every kid wanted to be a lifeguard," said Henry Stern, New York commissioner of parks and recreation.

An appeal by the actors Michael Bergin and Angelica Barnes of the beach-based television series "Baywatch" brought 300 applicants, but fewer than 10 percent passed the swimming test.

Thus, Mr. Stern said, the call to Californians: "We are saying: Go east, young man or young woman. Spend the summer in New York. Spend the summer on the Atlantic. The surf may not be as good, but the ground is solid and doesn't shake."

A Wall Street executive, Alan Greenberg, read recently that some insurance companies were denying patients the impotence drug Viagra because of its cost. So Mr. Greenberg, chairman of Bear, Stearns, has donated \$1 million to a New York hospital to buy the drug for men who cannot afford it. The New York Times reported, "I think it's something that will give a lot of pleasure to a lot of people," said Mr. Greenberg. Commented a hospital official: "It's an unusual bequest."

Brian Knowlton

Black's Man Death

On Texas Backroad

3 Whites Charged in Brutal Murder

By Sue Anne Pressley
Washington Post Service

AUSTIN, Texas — The torn and battered body of James Byrd Jr., 49, was discovered Sunday morning in a wooded area of Jasper County about 100 miles northeast of Houston; the head and right arm were missing.

Later, the head and arm were found a mile away on an isolated road, according to Jasper County Sheriff Billy Rowles.

Mr. Byrd, who suffered from what his sister described as a seizure disorder and did not drive, was last seen alive late Saturday walking home from a friend's anniversary party, his relatives said.

Three white men, two of them former cellmates sporting white supremacist tattoos, have been arrested, accused of chaining Mr. Byrd, who is black, to the back of their pickup truck and dragging him to his death along a two-mile stretch of the rough dirt road in the wooded flatlands of eastern Texas.

Charged Tuesday with the murder were Shawn Allen Berry, 23, of Jasper; Lawrence Russell Brewer, 31, of Sulphur Springs, 50 miles east of Dallas; and John William King, 23, of Jasper.

The sheriff said Mr. Brewer and Mr. King, who had been cellmates in a Texas prison, have tattoos that affiliate them with white supremacist groups. The two had picked up Mr. Berry, an apparent friend who also has served time in prison, at his job at a movie theater.

It has been indicated to us that these guys, while they were in prison, were part of the Aryan Nation or the Ku Klux Klan," Sheriff Rowles said at a news conference.

Don Clark, special agent in charge of the Houston office of the FBI, said the bureau was assisting in the investigation because of "the extreme circumstances" of the case. If it is determined the slaying was a hate crime, federal charges could be filed.

Mr. Byrd's family said that they did not know the three suspects and had never heard the victim mention them. However, Sheriff Rowles said Mr. Byrd may have been acquainted with one of the men.

Away From Politics

• The death toll in a grain elevator explosion in Haysville, Kansas, rose to four with the discovery of a body and the confirmation of remains of another victim. Hopes for finding two missing workers alive were slim. (AP)

• Tenants who refused to pay the rent at an apartment where smoke seeps in from a bar downstairs cannot be evicted and the landlord must stop the smoke from getting in, a housing court judge ruled in Boston. (AP)

• An accident victim was trapped upside down in his car in a drainage ditch four days before he was discovered in Rancho Cucamonga, California. David Villagomez was in critical condition in a hospital. (AP)

• David Loomis Cargill, 39, who shot and killed a couple in a gas station robbery — making orphans of four children ages 2 to 10 — was executed in the state's electric chair at Jackson, Georgia. He had asked forgiveness. (AP)

• Four people protesting alleged death squads were arrested at the UN in New York and charged with pelting the Iranian foreign minister, Kamal Kharrazi, with eggs. (AP)

POLITICAL NOTES

State Electoral Lineups Set

LITTLE ROCK, Arkansas — Claiming leadership of a state party weakened by scandal and Bill Clinton's departure for the White House, Blanche Lincoln prevailed in a runoff to win the Democratic nomination for Arkansas' open U.S. Senate seat.

Ms. Lincoln defeated Attorney General Winston Bryant. In November's general election to replace Dale Bumpers, who is retiring after 24 years, Ms. Lincoln will face Fay Boozman, a Republican state senator, and Charley Heffley, the Reform Party candidate.

Also Tuesday, there were primaries in North Dakota, Virginia, Maine and South Carolina. These were among the results:

• In South Carolina, Rep. Bnb Inglis, 38, won 75 percent of the vote to easily defeat former Republican county chairman Stephen Brown for the right to challenge Democratic Senator Ernest (Fritz) Hollings, who is seeking his sixth full term. Mr. Hollings, 76, was unopposed for his party's nomination.

Governor David Beasley, seeking his second term, easily won the Republican nomination. The Democratic candidate is Jim Hodges, a former state legislator.

• In North Dakota, Republicans chose Donna Nalewaja, a state senator, to challenge the incumbent Democratic senator, Byron Dorgan. Mr. Nalewaja won 67 percent of the vote in a runoff to the nomination over Larry Salar, a farmer who had 32 percent.

• In Maine, the two major parties selected nominees to oppose Governor Angus King, a popular independent. The Democrats chose Thomas Connolly, a lawyer, with 81 percent of the vote. The Republicans nominated James Longley Jr., a former congressman, who won 63 percent of the vote.

• In Virginia's lone contested congressional race, a former teacher and nurse, Demaris Miller, won the Republican nomination to challenge Representative Jim Moran, a Democrat. She got 55 percent of the vote in Chuck Carlton's 45 percent. (AP)

Maneuvering on Tobacco Bill

WASHINGTON — Signs have developed that the Senate's weeks-long impasse on anti-smoking legislation might be broken.

The Senate voted, 52 to 46, on Tuesday for a Republican amendment to use some of the money that would be raised from higher cigarette prices on drug-abuse programs. The vote was the first on the legislation in three weeks, and plans were made to vote on proposals to use other money from the tobacco legislation for income-tax cuts.

Senator Trent Lott of Mississippi, the Republican leader, said, "If we're going to start having some votes, then something might happen." (AP)

Quote/Unquote

Richard Riley, the secretary of education, challenging the National Rifle Association and its new president, Charlton Heston, to start working to keep guns from unsupervised children: "Unsupervised gun use and children do not mix. If Charlton Heston and the NRA want to come into the 'mainstream of American political debate,' then they need to stop defining themselves as 'victims of media manipulation' and help keep our children from becoming the victims of gun violence in our schools, in our homes and in our streets." (WP)

AMERICAN TOPICS

No, TV Land Is Not Like Life (The Proof Is in the Numbers)

Some skeptical Americans have long harbored suspicions that Television Land was not an entirely accurate reflection of reality. MTV, for example, thinks "The Real World" is young people with few visible means of support living in luxurious decorator apartments and just talking. But a study documents just how large the reality gap is.

In television land, work and family rarely clash, child care is a breeze and hardly anyone gets old, according to an analysis of prime-time TV by a group called the National Partnership for Women & Families. "The conflicts and compromises that shape so many Americans' lives," said Judith Lichtman, president of the group, "do not affect TV women or men."

Only 13 out of 150 series episodes or TV movies studied by University of Washington researchers portrayed a character dealing with the stress of reconciling job and family life.

Other findings: Thirty-four percent of TV mothers work for pay, compared with 67 percent of American mothers; only 15 percent of 820 adult TV characters were parents of minor children, compared with 32 percent of the U.S. population; 26 of the 820 adult TV characters had responsibility for an adult relative, whereas the real ratio is eight times higher, and 14 percent of adult TV characters are over 50, compared with 38 percent of the U.S. population.

Stephanie Coontz, author of "The Way We Really Are: Coming to Terms With America's Changing Families," suggested that television executives might be somewhat removed from problems faced by many Americans.

Short Takes

The Spanish first came to what is now Pensacola, Florida, in 1559, seeking gold and



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EUROPE

EU Recommends Lifting Ban on British Beef

By Tom Buerkle
International Herald Tribune

LONDON — The European Commission recommended Wednesday lifting the ban on British beef exports that was imposed two years ago in the "mad cow" disease crisis, a move that would patch up one of Britain's worst disputes with its European partners and hold out the promise of relief to the country's long-suffering meat industry.

The recommendation faces a lengthy approval process by the 15 member states of the European Union, and it could be six months or more before British beef and veal is back on store shelves and menus in Europe and around the world. But the announcement by the commission, the EU's executive body, offered Prime Minister Tony Blair one of the most tangible benefits yet of his government's constructive stance toward its European partners.

Agriculture Minister Jack Cunningham wel-

comed the announcement, saying "it vindicates the positive, constructive and open approach we have taken on BSE in our relations with all the institutions of the European Union." A spokesman for Britain's Meat and Livestock Commission, an industry body, also welcomed the announcement although he acknowledged that it would take Britain a long time to regain export markets that were worth £625 million (\$1.02 billion) a year.

The EU imposed a worldwide ban on British beef exports in March 1996 after Britain announced a possible link between bovine spongiform encephalopathy, or "mad cow" disease, and the fatal human brain condition Creutzfeldt-Jakob disease.

The Conservative government of then-Prime Minister John Major pushed the issue to a crisis point, blocking dozens of EU decisions until leaders agreed in June 1996 to procedures whereby the ban would be lifted in stages if Britain could prove its meat was safe.

Since then, Britain has spent nearly £4 billion to slaughter more than 2.3 million animals deemed at risk of developing BSE, adopted a passport program to identify animals and trace them through the production process, and tightened up measures to ensure that the meat and bone meal suspected of spreading BSE were removed from the food chain.

The commission recommended that Britain be allowed to export meat from animals born after August 1, 1996, when its feed ban and passport program were in place.

The recommendation will be studied by the EU's standing veterinary committee at a special meeting Friday, and, in theory, a decision could be taken by the committee the following week or by EU farm ministers at a meeting beginning June 22. But a number of countries are likely to draw out the approvals process because of past problems with British compliance and doubts about the reaction of their own consumers.

BRIEFLY



Horst Winkelmann, German envoy, leaving his residence near Minsk on Monday.

Belarus to Wait a Week
On Evictions of Envoys

MINSK, Belarus — Belarus vowed Wednesday to go ahead with plans to evict about 20 ambassadors from their residences, although it will delay the move by a week.

A Foreign Ministry spokesman stressed that the evictions had been delayed, not canceled. Belarus has said the evictions are necessary so renovation work can be done on the diplomats' homes.

Foreign Minister Ivan Antonovich met the U.S. ambassador, Daniel Speckhard, Tuesday evening and reiterated the need for the evictions to go ahead.

On Monday, Mr. Speckhard described the action as "without precedent since the Cold War" and said it constituted a violation of the Vienna Convention. About a dozen ambassadors are contesting the eviction plan.

Turks Suspend a Deal
To Buy French Missiles

ANKARA — Turkey has suspended the signing of a \$145 million accord to buy Eryx missiles from France's Aerospatiale in a bid to pressure the French Senate not to

recognize the 1915 deaths of Armenians as genocide, a French diplomat here announced.

Officials from Turkey's Foreign and Defense ministries declined to confirm the suspension of the deal for the shoulder-launched, anti-tank system.

Last month, the French National Assembly adopted a bill stating: "France publicly recognizes the Armenian genocide of 1915."

The bill is to be discussed this month in the Senate.

Armenians say Turks killed 1.5 million of their people. Ankara says thousands of Turks and Armenians died in 1915 fighting in what is now eastern Turkey. (Reuters)

Cyprus Defense System
To Be Tested in Russia

MOSCOW — Cyprus will test its new air defense system in Russia later this month, the Russian air force commander, Anatoli Kornikov, said Wednesday.

Turkey has threatened to use force to stop deployment.

The commander told reporters that Cyprus was scheduled to test the system at a base near Astrakhan, the Interfax press agency reported. He said officials would decide late this summer on whether to deliver the system. (AP)

A Power Struggle Rocks Westminster Abbey

By Sarah Lyall
New York Times Service

LONDON — Time moves slowly at Westminster Abbey, a church of high Anglican solemnity whose first inhabitant, King Edward the Confessor, has been resting in his tomb there for 900 years.

But when the Very Reverend Wesley Carr took over as dean in February 1997, it was as if a high-speed cheetah had careened into a field of stately, shuffling sheep. Quickly putting into place changes that had been discussed for some time, Mr. Carr embarked on a program called "Recovering the Calm," which sought to control the abbey's increasingly unruly crowds of tourists but which threw the church into an up-and-down tizzy.

While the church began charging nonworshippers an \$8 entrance fee, the new dean supervised the installation of closed-circuit television cameras; decreed that tour groups could have no more than 25 tourists, down from 50, and helped set up a one-way system to prod visitors into proceeding in an orderly fashion.

And, in a move that reportedly left some elderly people in tears, he told the church's volunteers that starting next year, they would have to retire at 75.

But it was when Mr. Carr made his next move — to suspend and then dismiss Martin Neary, the abbey's popular, distinguished and impeccably well-connected organist and master of the choristers — that he set in motion a dispute that has reverberated far beyond the church walls. It is a tale straight out of an An-

Unholy Row After Dean Fires Organist

thony Trollope novel, but with all the elements of a timeless power struggle: charges of financial impropriety, accusations of bullying and jealous high-handedness, even appeals to royalty.

On one side is the dean, who, with his four canons, runs perhaps the highest-profile church in England. Styled a "Royal Peculiar" because it is directly under the queen's jurisdiction, the abbey is the church where monarchs are crowned; where the funeral of Diana, the Princess of Wales, was held and where Dickens, Chaucer, Tennyson and others are buried.

On the other side is Mr. Neary, internationally known musician, two-time president of the Royal College of Organists and, since 1988, holder of a position once occupied by Henry Purcell. Mr. Neary's fight to get his job back is being supported by an extraordinary group of establishment figures, including former Prime Minister Edward Heath; the composer John Tavener; a number of members of the House of Lords; John Gummer, a former cabinet minister, and Frank Field, the minister for welfare reform, who was recently moved to declare that the dean was "nothing but a bully" who had left Mr. Neary "dangling on a meat wire."

Money is behind the current dispute, which has at its heart a company established by Mr. Neary and his wife, Penny, the concert secretary, to handle the church choir's contracts and tours. The Nearys said that they had set up the company on the advice

of accountants, that it had saved the abbey money and that they had never tried to hide its existence. But Mr. Carr — backed by the abbey's canons — said that the company represented a conflict of interest and that it had unethically paid Mrs. Neary a \$2,400 "fixing fee" for organizing tours and the like.

"It is not the amounts of money that matter, but the lack of openness and the loss of trust," Mr. Carr told The Daily Telegraph.

So the dean dismissed the Nearys on the Thursday before Easter Sunday, reportedly rebuffing the services of a number of high-placed would-be mediators, including Lord Weir, former speaker of the House of Commons, and forcing the summary cancellation of the abbey's Easter concert.

The Nearys denied all the charges — "It's like suggesting Mother Teresa had run off with the community chest," one of their supporters said — and they appealed the decision. In a sign of the gravity of the matter, the case is to be heard by the lord chancellor himself, Britain's top legal official. If the Nearys should be reinstated, the dean might feel little choice but to resign.

The dean, 56 and previously the dean of Bristol Cathedral, is no longer speaking to reporters. "He is trying to maintain a dignified silence," said Emma St. John-Smith, a spokeswoman for the abbey.

Mr. Neary's supporters have de-

luded The Times of London with fur-

ous letters, organized a fund that has raised more than \$80,000 to help pay the Nearys' legal expenses and told anyone who will listen that Mr. Carr has a history of high-handed behavior.

"He's narcissistic and he has a need to put his finger in every single pie there is," said Alan Taylor, who was recently dismissed from his non-paying position at the abbey when, he said, he criticized the dean to reporters. "The man sees himself as God's adviser."

"The dean is a virtual dictator," said Sir Bryan Thwaites, a retired mathematics professor who has been friends with Mr. Neary for more than 30 years and who convenes the Martin Neary Support Group. "For reasons which are totally unfathomable, he decided to sack Martin Neary. I am a man of very considerable experience in high management affairs, and it struck me as being absolutely absurd."

But Miss St. John-Smith said the Nearys' supporters were being unfair.

"They keep talking about the 'dreadful dean,' which he isn't," she said. "He's not a bully. He's a very direct person, very humorous — perhaps quite a decisive person. Some people perhaps find his style a bit sharp."

BOOKS

THE GREAT HILL STATIONS
OF ASIABy Barbara Crossette. Illustrated.
259 pages. \$28. Westview Press.

Reviewed by Alexander Frater

THE first Europeans to reach India were bewitched by its beauty and strangeness but shocked by its climate. In 1690 an English clergyman, James Ovington, noted that few survived more than a couple of miasmal rainy seasons — "Two mousouns are the Age of Man." A century later officials recorded the life expectancy for a European male as 31, for a female 28. Then, without knowing why — 6,000 feet (1,800 meters) is the ceiling of the malaria-bearing anopheles mosquito — people realized health lay high in the hills, so when the soaking, febrile heat of summer began stealing across the plains, the viceroys himself led the exodus.

For several months, ruling India from above the clouds, they enjoyed the luxury of sleeping under blankets, attended "ball after ball, each followed by a little backbiting," and built towns complete with tearooms, clubs, honeysuckle-framed cottages and pretty steeped churches. Though hill stations were a British-Indian innovation (96 of them went up), they soon began appearing in Indonesia, Burma, Sri Lanka, Malaysia, the Philippines, even Vietnam.

Barbara Crossette, the United Nations bureau chief for The New York Times, has reported extensively from the area and in 1996, while traveling through the uplands of Indonesian Sumatra, hit on the idea of making a high-altitude circuit through eight countries. Though she calls the result "only a travel book," "The Great Hill Stations of Asia" should be required reading for anyone contemplating an Asian journey; the region's history, politics, religion and economics are brilliantly summarized in a

series of crisp, scholarly briefings. Yet she also maintains a lively social curiosity: She finds the Vietnamese "warm, inquisitive, generous people who want to draw an outsider into whatever activity is at hand," while Burma, despite its evil administration, remains a country "blessed by nature, where there are always things to eat or sell and the means to live in dignity."

Of the 18 hill stations she visited, two had American connections. Kodakanal was founded as a summer retreat in 1845 by American missionaries 7,000 feet up in southern India's Palni Hills. Though the first church — roofed with Hurdley and Palmer biscuit tins — was flattened by a mountain storm, the schoolhouse grew into the famous Kodakanal International School, still unequivocally American in its style and curriculum. Today, in season, up to 10,000 Indian tourists are bussed daily into Kodakanal — a reminder that Asia's hill stations, far from being derided as crumbling colonial relics, are enjoying a reincarnation boom as Asia's prosperous postcolonial middle classes themselves swarm upward to enjoy cool air and mountain scenery.

Until the United States ceded it to the Philippines in 1991, the Club John Hay at Baguio, its cultural roots in the Poonas or upstate New York, was the only American hill station in Asia established for expatriates. Even as Crossette explored this quiet and beautiful spot, walked the gardens and visited "the silly little Cemetery of Negativism, where earnest Americans 'buried' bad things like sloth and mendacity," she knew the new tenants had plans for a luxury hotel, shopping mall and championship golf course.

Many young Asians, furiously building for the future, display a curious lack of interest in the past; for them Year 1 of the new ephemeris started on the day they kicked out their foreign oppressors.

This makes historical research chancy. She found bookshops and libraries in the

hill stations largely bereft of material, though in Sri Lanka's Nuwara Eliya, set among tea plantations, she got lucky and tracked down a reluctant 95-year-old historian.

Crossette has a weakness for hotels and writes about them at length, here complaining about the service, there the state in which previous guests have left them. "South Asians seem to me to be inexplicably hard on public buildings," she writes. "They scar walls, stain carpets and slash upholstery with remarkable casualness."

In the Sumatra highlands she stayed at the delightful Pusako at Bukittinggi, but seems to have missed the floor show in which impassive, barefooted female dancers jump vigorously up and down on piles of plates, reducing them to splinters. (She also neglects to mention the local duck races; mallards with the musculature of bulls fly 110-yard sprints and win their owners one-tenth of an ounce of gold.)

Air-conditioning and antibiotics have changed the nature of life in the torrid zone. Tropical fatigue is now a recognized medical condition; you can get pills for it. The hill stations should be redundant, yet, as this surprising, entertaining and elegantly written book demonstrates, many continue to flourish.

Though Crossette often dwells necessarily in the past, her reportorial instincts remain on full alert. In Mandalay, for example, she found everyone talking about a new hospital for eye, ear, nose and throat specialists that had recently collapsed, crushing an unknown number of staff members and patients. "You won't read about that in the newspaper," someone said. "But we all know what is going on." Money laundering and corruption is what he meant.

Alexander Frater, whose most recent book is "Chasing the Monsoon," wrote this for The New York Times.

BRIDGE

By Alan Truscott

THE oldest event on the tournament calendar is the Goldmine Pairs, first played in 1929 and won by the great Oswald Jacoby, with a forgotten figure, George Reith. It has almost always been played in Manhattan and almost always won by New York experts.

This year both generalizations failed. A contingent of the city's finest traveled to the city's finest traveled to Stamford, Connecticut, last weekend, but all came home empty-handed. The winners were Victor King of Hartford and Margaret Williams, formerly of Connecticut but now living in Burlington, New Jersey. They are frequently successful in team events, but this was their best

result in match-point play.

The winners defended well on the diagrammed deal from the final, taking advantage of a slight misjudgment by the declarer. After the opening weak two-bid in spades, North might well have raised directly to game. He got there anyway, after a two no-trump inquiry and a three-heart rebid which showed, in the North-South methods, maximum values with a weak spade suit.

King, West, led a club, and South routinely played low from dummy, winning the queen with the king. Needing to be in dummy to play a trump, he crossed with a diamond to the queen. When East played low on the trump lead, South would have succeeded if he had guessed to

put up the king. But he made the normal play of the jack, losing to the queen.

Now King saw his way clear. He cashed the heart ace and led his remaining diamond, completing a high-low signal. Dummy won and led a trump, and Williams knew what to do after taking her ace. She led another diamond, and the spade 10 scored the setting trick.

Because of the danger of permitting the defense to develop a diamond ruff, there was a better plan. King points out that South should have won the first trick in dummy with the club ace and led a spade. It was likely that the first spade trick would be lost to West, and South could hope to dispose of the potential club loser even if West

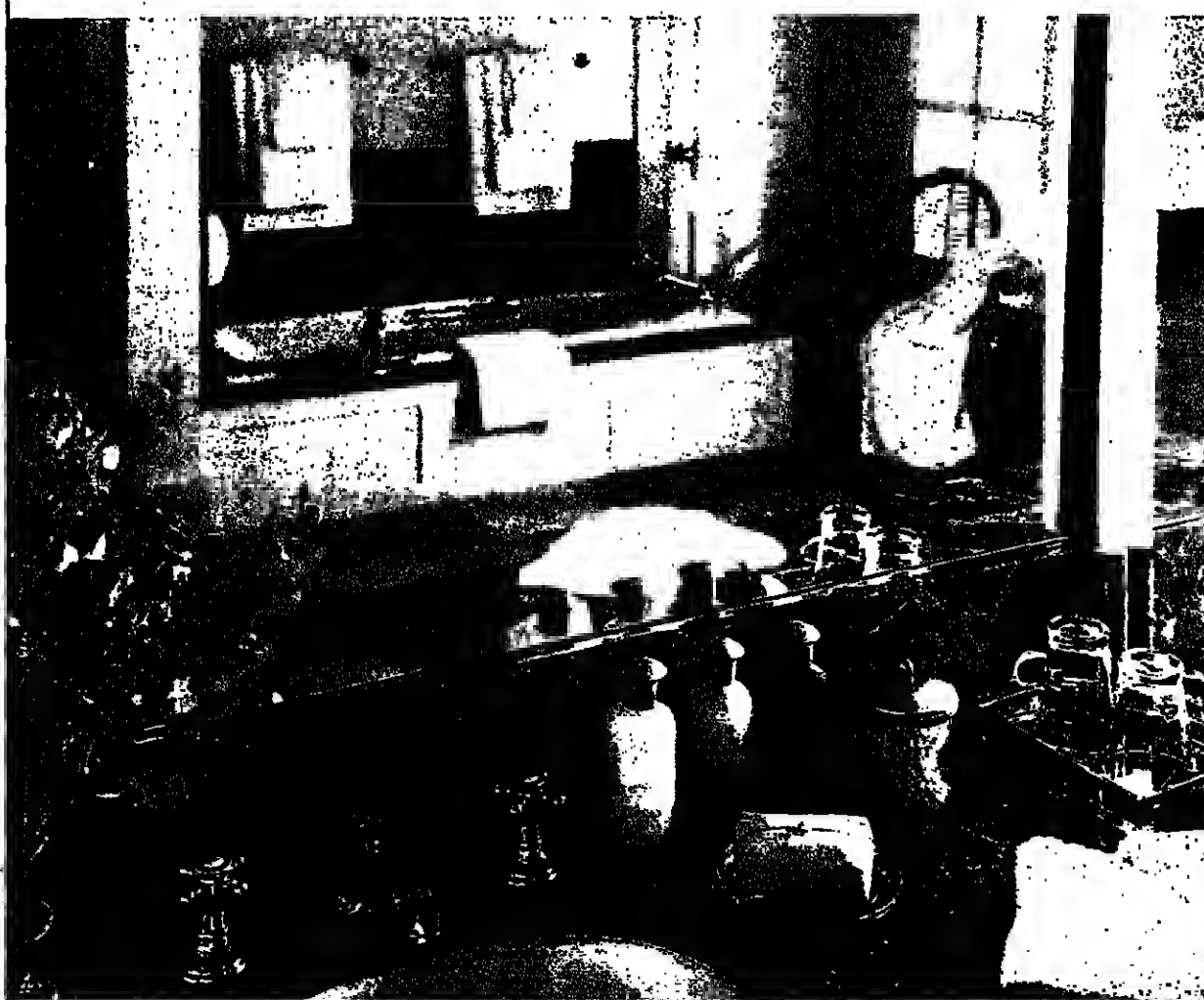
held the queen. South could do nothing to avoid a club ruff, but he did not need to run any risks in diamonds.

NORTH			
♠ 8			
♥ K 8			
♦ A K Q 9 4			
♣ A 4 2			
WEST			
♠ Q 10 7			
♥ A 8 5			
♦ 10 8			
♣ 10 8 7 5 3			
EAST			
♠ A 2			
♥ Q 10 6 4 3 2			
♦ 7 6 3			
♣ Q 6			
SOUTH (D)			
♠ K 10 5 4 3			
♥ J			
♦ 7 5 2			
♣ K J 8			

Both sides were vulnerable. The bidding: South 2♠, West 2NT, East 3♠, South 3NT, West 4♠, East 4♠, South 5♠.

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ASIA/PACIFIC

15 Freed in East Timor Amid Shift in Jakarta

Habibie Proposes New Status for Territory

By Seth Mydans
New York Times Service

JAKARTA — For the first time in 20 years, the Indonesian government has signaled its willingness to address one of the sorest points in the country's international relations, the status of East Timor.

On Tuesday, President B. J. Habibie proposed that the territory, which Indonesia seized by force from Portuguese control in 1975, be granted a special administrative status, an idea that had been rejected by his predecessor, President Suharto. But Mr. Habibie ruled out the possibility of full independence for East Timor.

On Wednesday, Justice Minister Muladi announced that 15 East Timorese political prisoners would be freed, although he said the territory's independence leader, Xanana Gusmao, would remain in prison, where he is serving a 20-year sentence for plotting against the state and possessing illegal weapons.

The proposal for "special status" was immediately rejected as inadequate by separatists, who are demanding total freedom from Indonesian control. But in the new atmosphere of openness that has swept the country since Mr. Suharto's resignation on May 21, Mr. Habibie's proposal has touched off a free-wheeling debate, complete with raucous student demonstrations.

Foreign Minister Ali Alatas, who has for years taken a hard line on the question of East Timor, said Tuesday that the departure of Mr. Suharto offered an opportunity to reopen the issue.

"I think now is a good time to resolve our disagreement under the auspices of the United Nations Secretary General, who has taken the initiative over the years," he said.

Mr. Muladi has also begun taking a moderate position, breaking with the official line to call East Timor an "international issue" and suggesting last month that "We should change our position."

In a scene that would have been impossible under Mr. Suharto, several hundred students marched and chanted Wednesday on a campus in the East Timorese capital, Dili. Speakers at the rally demanded a referendum, the right to self-determination and a withdrawal of government troops who have suppressed a separatist insurgency with often-brutal tactics.

"Bring Suharto to the international court as a war criminal in East Timor," read a poster at the demonstration,

which was attended by several local political figures including a former governor, Manuel Viegas Carrascalao.

Witnesses said government troops, who have broken up student demonstrations by force in the past, stood by quietly, as they have during a rash of protest demonstrations elsewhere in the country since Mr. Habibie became president.

Indonesia invaded the former Portuguese colony in 1975 and annexed it as the nation's 27th province the following year. The move was condemned by the United Nations, which continues to regard Portugal as the administering power of East Timor.

In recent years, Indonesia has poured development funds into the territory, which is one of its poorest provinces. But it has also deployed thousands of troops and security officials, who have created an atmosphere of terror.

An often brutal separatist insurgency has battled government forces, and tens of thousands of lives have been lost.

The status of East Timor has been the single most difficult question for Indonesia in international forums. Human rights groups regularly document government abuses there.

In interviews with Reuters and the BBC on Tuesday, Mr. Habibie said his proposal was contingent on an agreement by the United Nations and Portugal to recognize Indonesian control of the territory and its 800,000 people.

He said political autonomy was not an option. "If you want to discuss it in that direction, there is no way you can discuss that with me," the president said. "No, we will not let that happen."

Indonesia fears that freedom for East Timor would encourage separatist movements elsewhere in this sprawling archipelago, particularly in the provinces of A. and Irian Jaya, where guerrillas are also battling the government.

The president's statements were immediately rejected by Jose Ramos Horta, who was awarded the 1996 Nobel Peace Prize for his separatist campaign.

"This is not a serious proposal, and I am stating unequivocally that we reject it," Mr. Ramos-Horta said, speaking by telephone from Harvard University.

His co-recipient of the Nobel Prize, the Roman Catholic Bishop Carlos Belo, speaking in Dili on Wednesday, urged protesters to avoid possible violence by confining their demonstration to the campus of East Timor University, where they sang rebel songs and waved outlawed rebel flags.



Members of the All Indonesian Labor Organization staging a protest Wednesday outside the Parliament building in Jakarta. They want compensation for workers who lost their jobs because of the currency crisis.

Death Toll at 225 In India Cyclone

The Associated Press

BOMBAY, India — Relief workers distributed food and searched for bodies in the debris of smashed homes on Wednesday after a cyclone tore through western India killing 225 people, injuring 1,200 and leaving hundreds of thousands homeless.

The toll from Tuesday's storm could rise. Many people remain missing, and relief workers have yet to reach some remote villages. The storm continued to produce high winds and rain Wednesday, but was no longer of cyclone strength.

The death toll was highest in Kutch district, where a 12-foot tidal wave flooded low-lying areas near Kandla, a port 330 miles northwest of Bombay.

As many as 140 people, including fishermen and port workers, drowned or were swept out to sea, government officials said. Others died when their houses collapsed on them. Some 125 people have been listed as missing, and officials said they feared the casualty figure could surpass 200 in Kutch alone.

Clinton Rebuffs U.S. Critics On Beijing's Welcoming Site

By John M. Broder
New York Times Service

WASHINGTON — President Bill Clinton has rejected appeals in the United States that he avoid a welcoming ceremony in Beijing's Tiananmen Square when he visits China this month. He said he could not dictate to China's leaders how they should receive him.

Appearing at a news conference with President Kim Dae Jung of South Korea, Mr. Clinton said that his scheduled appearance at Tiananmen Square, the center nine years ago of a violent crackdown on democratic protesters, did not signal endorsement of repression.

Last week, the House of Representatives voted, 305 to 116, to approve a nonbinding resolution demanding that the president avoid the historic square on his trip, which is to begin June 25.

"My own view," Mr. Clinton said Tuesday, "is that if this is going to be a state visit to China and I am going to be the guest of the Chinese," then "they should be designing the terms of the arrival ceremony, not me."

"And I simply don't accept the proposition," he added, "that observing their diplomatic protocol in any way undermines my capacity to advance the principles of the United States."

Addressing another issue that has generated opposition to his policy toward China, the president said his approval this year, over the objections of the Justice Department, of China's launching a U.S. satellite into orbit was "a pretty routine decision."

This was the first time that Mr. Clinton addressed questions from the press on the satellite deal, which is the subject of a congressional investigation. Some law makers are seeking to learn whether the decision and whether the president had been influenced by large election contributions from Bernard Schwartz, chief executive of the satellite maker, Loral Space & Communications Ltd.

The White House has rejected a call from 152 members of Congress that Mr. Clinton postpone his visit until questions about possible influence on the space satellite have been resolved.

BRIEFLY

Protests Reported In Chinese City

BEIJING — Several hundred people staged anti-government protests Wednesday in a Chinese city that President Bill Clinton plans to visit later this month, a human-rights group based in Hong Kong said.

The second successive day of peaceful demonstrations in Xian involved two groups with different grievances, the Information Center of Human Rights and Democratic Movement in China said.

Some demonstrators were protesting the government's failure to give them new housing after they were evicted from their homes for redevelopment, the group said.

Others were protesting the city's decision ahead of Mr. Clinton's visit on June 25-26 not to let them work. (AP)

Bangladesh Rally Assails Peace Pact

KHAGRACHARI, Bangladesh — Thousands of protesters who traveled from all over Bangladesh, ended a two-day, anti-government rally at this southern town on Wednesday, voicing their opposition to a recent peace accord with tribes in the southeast.

An opposition leader, Khalida Zia, who led a stream of protesters 400 kilometers (260 miles) by bus and car from Dhaka, addressed a cheering crowd of 35,000 at the stadium where Prime Minister Hasina Wazed signed the accord six months ago.

The protesters say the accord with rebels from the Buddhist Chakma tribe gives them too much power at the expense of Muslim settlers from the north. (AP)

Malaysian Is Held

KUALA LUMPUR — Malaysian policemen detained the son of the parliamentary opposition leader Wednesday after he addressed a political meeting that authorities had banned, witnesses said.

The police took Lim Guan Eng, son of the Democratic Action Party secretary-general, Lim Kit Siang, into custody after he addressed about 2,000 political supporters outside a restaurant on the outskirts of the capital. (Reuters)

Ethiopians Report Troops Strike Hard At Eritreans

ADDIS ABABA — Ethiopia's army Wednesday said it had inflicted heavy losses on attacking Eritrean forces in a disputed territory of the Horn of Africa, a conflict between the two neighboring states.

Eritrean reported fighting in the area. A large segment of Eritrean troops which launched an attack on Ethiopia's position at Badme from last week, was destroyed, an Ethiopian spokesman said.

Eritrean losses included tanks, artillery, soldiers and a helicopter. Earlier, her forces had been defeated at Erke Mamas, between Badme and Shanno at 6 A.M. on Wednesday.

Known by Eritreans as Badme, the village is a triangle of land between the two countries. Eritreans claim it as part of their territory, while Ethiopia says it is under Ethiopian control.

No details of casualties were available from either side. The fighting on both sides of the border has seen wounded soldiers.

The first clash was on May 12, the risk of full-blown war between the two days of air strikes and ground battles.

Both sides have vowed to continue the fight.

Kim Nudges U.S.

By Brian Knowlton
New York Times Service

WASHINGTON — President Bill Clinton's administration has given the North Korean government a green light to stop exporting nuclear weapons, creating a precedent that the White House over the past several years has been reluctant to set.

Both houses of Congress have approved the legislation, which would allow the two-thirds majority in the House to override a veto. The House passed the sanctions bill, H.R. 2400, by a vote of 390 to 10 on Wednesday.

Now goes to the White House, where presidential aides have been working on the legislation since it was introduced in the House.

Representative Porter Goss, chairman of the House Committee on International Relations, said the legislation would "stop the flow of nuclear weapons and technology to North Korea, and stop the flow of money to the North Korean government for its nuclear program."

But the House committee also warned that passage is likely.

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INTERNATIONAL

Ethiopians
Report Troops
Strike Hard
At Eritreans

ADDIS ABABA — Ethiopia said Wednesday that it had inflicted heavy losses on attacking Eritrean forces in disputed territory at the heart of a growing conflict between the Horn of Africa neighbors.

Eritrea reported fighting in the same area. A large segment of Eritrean troops which launched an attack on Ethiopia's position at Badame front has been destroyed, an Ethiopian government spokesman said in a statement.

Eritrean losses included tanks and artillery and fighting continued, the official, Selam Tadesse said. Earlier, her office said fighting began at Erde Matton, between Badame and Sheraro at 6 A.M. on Wednesday.

Known by Eritrea as Badme and by Ethiopia as Badame, the area is a rocky triangle of land totaling 400 square kilometers (155 square miles). It is claimed by both sides along the western border.

No details of casualties were available from either side, but correspondents on both sides of the frontier have seen wounded fighters.

The first clash was on May 6 but the risk of full-blown conflict soared with two days of air strikes on June 5 and 6 and land battles this week.

Both sides have mobilized veterans



Villagers in Sinkata cheering Wednesday as Ethiopian troops passed on their way to the Eritrean front.

of the joint struggle that overthrew the Ethiopian military dictator, Mengistu Haile Mariam, in 1991.

Eritrea took its independence from Ethiopia after a referendum in 1993 and the two countries were on friendly terms until the border quarrel turned violent.

As a result of their long anti-Mengistu war, both states are among the poorest on the continent but they have large and well-equipped armies.

Ethiopia presented two Eritrean prisoners of war to reporters in the northern town of Adigrat.

Speaking sheepishly to the cameras, Negesse Beyam, 26, said he believed he had been called up by the army to do development work.

"They did not tell us we were going to fight," he said. "If I had known I was being sent to fight, I wouldn't have gone because I didn't want to kill anybody."

He said he was unmannered when he was captured a week ago during a battle near the border town of Zalambessa.

"There were some with guns, and I was afraid because I didn't know what

was going to happen," the reluctant soldier said. "The battle started, and I was standing there and I was captured."

There was heavy fighting on Tuesday around Zalambessa on the main road between the two country's capitals.

Zalambessa is in Ethiopian territory and was taken by Eritrea last week to prevent Ethiopia from using it as a base to attack, Eritrea says.

Eritrea asked Egypt on Wednesday to help mediate in the conflict, delivering a letter to President Hosni Mubarak.

Ex-President
Of Argentina
Is Detained

By Clifford Krauss
New York Times Service

BUENOS AIRES — Former President Jorge Rafael Videla, who had previously been pardoned for his role in the disappearances of thousands of political dissidents from 1976 to 1983, has been detained and could face charges of child kidnapping, the government announced.

The junta leader was detained late Tuesday on orders from a federal judge after several parents of children missing from the "dirty war" brought complaints against the 71-year-old retired general, accusing him of having ordered the kidnappings of children and then offering them for adoption to military families.

The detention was a stunning surprise and promised to open an additional chapter in a long-running battle between human rights officials and the administration of President Carlos Saul Menem, who has said he believes that the nation should move beyond the sordid history of the military juntas.

The army chief was sentenced to life in prison in 1987 for human rights abuses that occurred during his dictatorship. He served several years before Mr. Menem pardoned him in 1990. In an apparent tradeoff, Mr. Menem was then able to cut the military budget as one means of tackling the overspending and hyperinflation afflicting the country at the time.

Mr. Videla could face charges of stealing children and having them illegally adopted under his rule, according to a court spokesman, who added that he could serve 3 to 25 years in prison if convicted.

Five children whose parents disappeared after having been kidnapped by military death squads were illegally adopted, the spokesman said.

Detention under Argentine law is short of an arrest. Mr. Videla faces several legal proceedings before he would actually be arrested and face formal charges.

Several of the children whom he is accused of stealing were apparently born in secret prisons around Buenos Aires.

At least 15,000 people were killed and "disappeared" in the so-called dirty war against guerrillas and suspected leftists.

The police took Mr. Videla from his house on Tuesday night for questioning by Federal Judge Roberto Marquiech in connection with accusations of "illegal appropriation of minors," according to television reports.

BRIEFLY

Mayor of Tehran
Faces Court Again

TEHRAN — The mayor of Tehran is due back in court Thursday for what analysts expect to be another confrontation with the Iranian judiciary over charges of corruption.

Legal sources said Wednesday that Mayor Gholam-Hossein Karbaschi faced up to five years in prison and huge fines if found guilty of a series of graft charges dating from his nine years as head of this capital of 10 million people.

Mr. Karbaschi, a key political ally of the reform-minded President Mohammed Khatami, denounced the charges as lies. He did not enter a plea.

Talks Are Rejected
By Guinea-Bissau

LISBON — President Joao Bernardo Vieira of Guinea-Bissau rejected Wednesday a bid by local politicians and diplomats to mediate between his government and rebels seeking to overthrow him, a European diplomat said.

The European Commission's representative in Bissau, the capital of the West African state, said that the government was not interested in talks and wanted to drive the rebels out.

Charges Don't Stick

GUADALAJARA, Mexico — A Mexican judge has cleared two brothers on drug-related charges a week after authorities hailed their arrest as the highest blow to Mexico's illegal drugs trade this year, a defense lawyer said.

But Luis and Jesus Amezcua still face lesser charges and the prospect of extradition to the United States, where they are under indictment, the Attorney General's Office said Tuesday.

For the Record

Police in the Turks and Caicos islands, a British dependency, fired on a boat jammed with 100 Haitian refugees. The boat capsized, drowning as many as 30 people, the authorities said.

Kim Nudges U.S. Congress on Pyongyang

By Brian Knowlton
International Herald Tribune

WASHINGTON — President Kim Dae-jung of South Korea on Wednesday urged his appeal for a "confident, coordinated and composed" approach to North Korea before a joint session of Congress, which warmly greeted a man whom President Bill Clinton had compared to Nelson Mandela and Vaclav

Havel. "We will never relax our vigilance against North Korea," said Mr. Kim, a former dissident who was elected president in December. "But neither will we be afraid to pursue peace."

As in his statement Wednesday that "we have nothing to fear from North Korea," Mr. Kim appeared to gently nudge the United States to deal more openly with Pyongyang.

Mr. Clinton gave Mr. Kim a warm reception upon his arrival Tuesday, including an elaborate state dinner. Mr. Clinton was cautious, however, about Mr. Kim's efforts to persuade the United States to lift long-standing sanctions against the North, saying that Pyongyang first must respond to conciliatory gestures from Seoul.

Mr. Kim, who spoke in accented English, warmly thanked the collected legislators and other dignitaries, recalling the U.S. intercessions that twice saved his life during his 40 years as a persistent critic of South Korean military regimes.

Without specifically calling for an end to U.S. sanctions, Mr. Kim said that Seoul and Washington "should promote a sunshine policy, offering inducement against a backdrop of strong security measures, and we should extend to North Korea both goodwill and sincerity, so suspicions dissolve and openness emerges."

Mr. Kim, 74, has sought to strike a warmer tone toward the North than previous Seoul governments have done. "Sunshine," he said Wednesday, "is more effective than a strong wind."

The United States, however, has remained wary. Nearly 40,000 U.S. troops remain on the Korean Peninsula, many along the Demilitarized Zone that has separated North and South since the Korean War.

Mr. Kim said his approach was to avoid mixing political differences with efforts at economic cooperation.

"We are going to promote cooperation in a wide range of areas under the principle of separation of politics and economics," he said. "We want America's support in this effort. Both our nations need to be more confident, coordinated and composed in our relations with North Korea. We hope such an overall approach gives North Korea psychological room to open its mind and its doors."

Ship Sets Record
On Atlantic Crossing

NEW YORK — A sleek new ferry has set a trans-Atlantic speed record after finishing a dash from New York to Spain.

The ferry left New York on Saturday morning and completed the 3,125-mile (5,000 kilometer) journey at approximately 3 P.M. New York time Tuesday. The Catalonia, a catamaran, made the New York to Tarifa crossing at an average speed of 38.77 knots. The ferry, owned by Buquebus of Argentina and built in Australia, carried a crew of about two dozen. It is capable of carrying 900 passengers and 250 vehicles.

Marshall Green, U.S. Envoy to Asia, Dies at 82

WASHINGTON — Marshall Green, who for years was the State Department's leading expert on East Asia and served as ambassador to Indonesia during the violent uprising in the 1960s that brought President Suharto to power there, died Saturday of a heart attack. He was 82 years old.

In the 1970s, he was a key aide to Secretary of State Henry Kissinger and accompanied President Richard Nixon on his historic 1972 visit to China. After the China trip, Mr. Nixon dispatched Mr. Green to several Asian nations to calm their fears about the new relationship between Washington and Beijing.

Dieter Roth, 68, German Artist
BASEL, Switzerland (AP) — Dieter Roth, 68, a German-born artist whose provocative works included art materials such as sausage, waste paper and bowling dogs, died Friday at his home here, his family said.

that toppled a democratically elected government. Four years later, he was ambassador to Indonesia during the overthrow of President Sukarno and his replacement by President Suharto. In 1969, he was named a member of the United States delegation to negotiations in Paris to end the Vietnam War.

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Dieter Roth, 68, German Artist
BASEL, Switzerland (AP) — Dieter Roth, 68, a German-born artist whose provocative works included art materials such as sausage, waste paper and bowling dogs, died Friday at his home here, his family said.

Mr. Roth was a sculptor, poet, video and graphic artist, book publisher and musician whose works included many scatological references. He explored everyday objects for their artistic value.

Mr. Roth described himself as a "slugger" who liked to "punch everyone in the nose." He had lectured at Yale University and had lived in Philadelphia, Denmark and Iceland.

Mr. Roth's first forays into art were geometrical drawings, but in the 1950s he branched into improvisational performing art with a concert of howling dogs.

After his "accumulation principle," in 1976 he declared 300 binders of his waste paper to be a work of art. In 1987, his exhibit in Hamburg included table cloths covered with random stains, notes and doodles. He often featured food — from chocolate-covered busts of Beethoven to sausage — and saw their deterioration in exhibits as foreshadowing his own death.

House Approves Sanctions Bill

Measure Aims to Stop Russian Technology Transfer to Iran

By Helen Dewar
Washington Post Service

WASHINGTON — Despite the threat of a veto, the House of Representatives has given final approval to legislation aimed at forcing Russia to stop exporting missile technology to Iran, creating a confrontation with the White House over the politically sensitive issue of technology transfers.

Both houses of Congress have now approved the legislation by far more than the two-thirds majority required to override a veto. The House approved the sanctions bill, 392 to 22. The Senate passed it by 90 to 4 late last month. It now goes to the White House, where presidential aides have said a veto is likely.

Representative Porter Goss, Republican of Florida, said they were challenging the Russians, "fairly and squarely, to stop cheating," and the Clinton administration to "stop winking" at violations.

But the House minority leader, Richard Gephardt, Democrat of Missouri, warned that passage was "premature."

In light of efforts to get Russia to cooperate. The legislation voted Tuesday was prompted by Republican complaints that Russian companies and other entities have helped accelerate Iran's missile development. It calls for licensing and other sanctions when there is "credible evidence" that these entities have helped Iran obtain technology or key components to develop ballistic missiles. At the same time, the bill would permit Mr. Clinton to waive the sanctions for national security reasons.

In another attempt to address administration objections, the Senate amended an earlier House-passed version of the legislation to impose sanctions only for transfers after January of this year, when Russia adopted new export controls. The original bill would have affected transfers since 1995.

But the administration argued that it is already taking steps to halt technology transfers to countries qualified by Washington as "rogue nations," and that the legislation would impede these efforts, invite dangerous errors and discourage other countries from cooperating in curbing transfers.

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A Chance for Nigeria

Shift to Democracy

In Nigeria's largest city, people cheered and honked their horns to celebrate news that their leader was dead. Rarely has anyone done more harm in such a short time to his own country than the brutal and corrupt General Sani Abacha, dead at age 34, in his five-plus years as dictator. He left oil-rich Nigeria destitute, although he and his cronies amassed billions. Now Nigeria has an unexpected opportunity to reject his poisonous legacy and move toward the democracy that its people have shown they want.

Nigeria's military regime quickly installed as leader another general, Abdulsalam Abubakar, a man with a reputation for probity that contrasts sharply with General Abacha's. The new government immediately pledged to cede power to civilians by Oct. 1. But Nigerian generals, nine of whom have now hijacked the presidency since the nation achieved independence in 1960, don't start with much credibility, no matter their reputation.

The best way out of that fix would be for General Abubakar to step down in favor of Moshood Abiola, who has been in prison since he apparently won a presidential election in 1993. But Mr. Abiola's health is in question. If he is not able immediately to assume his rightful position, the general should, as

the State Department spokesman said on Tuesday, institute a "swift and credible" transition to democratic rule. That means, at a minimum, freeing all political prisoners, including Mr. Abiola; legalizing all political parties, not just the five Abacha-sanctioned ones that had all nominated General Abacha for president in his planned sham election; and restoring freedoms of speech, assembly and press.

U.S. policy toward the Abacha regime was not always as clear as it should have been. U.S. officials spoke out for a democratic transition, but President Bill Clinton muddled that message during his Africa trip by approving General Abacha's candidacy to become a "civilian" president. Moreover, the United States never imposed serious sanctions.

Now the administration must leave no doubt. If Nigeria moves swiftly toward democracy, U.S. officials should make clear, the United States will respond by lifting travel bans, encouraging investment and aiding political and economic reconstruction. But if the generals once again renege on their promise, the United States will do everything within its power to ensure that Nigeria is well and truly isolated. As former U.S. Ambassador to Nigeria Walter Carrington said, "They've got to understand that this is really their last chance."

—THE WASHINGTON POST

Military Discredited

The death on Monday of Sani Abacha, the corrupt and abusive Nigerian military dictator, is an opportunity for an African giant to begin to lift itself from poverty, fear and decay. General Abacha so discredited military rule that in recent months even many officers began to join ordinary Nigerians in clamoring for a civilian government. General Abdulsalam Abubakar, who has taken over the government, was one of those officers. He should put those ideas into practice.

Nigeria, the most populous nation in Africa, should also be the most prosperous. Oil revenues alone, if not depleted by corruption and mismanagement, could provide the basis for sustainable economic growth. It is also a diverse, culturally rich land stunted by years of tyranny.

Ideally, General Abubakar should turn the government over to Moshood Abiola, a civilian who apparently won Nigeria's last democratic election, five years ago this week. The military annulled the election, and Mr. Abiola was imprisoned in 1994.

Republican Antics

The Senate majority leader, Trent Lott of Mississippi, has been carving out some interesting political territory for the Republicans. In recent days he has denounced legislation aimed at curbing teenage smoking and suggested that the best response to school shootings was more guns. When both parties are supposed to be pursuing the woman's vote, it is unusual to see a politician promote a survival-of-the-fittest theory of child-rearing.

Mr. Lott takes premises that most people agree with — new taxes are undesirable, adults should be allowed to own guns — and elevates them to immutable laws. Consistency is all, rationality is for sissies.

Defending the cause of states' rights recently, he spoke out against a national drunk-driving standard by arguing that it was wrong for the federal government to say "Do it our way or we will punish you."

Mr. Lott's recent denunciations of anti-tobacco legislation as a "spending bill" that deserves to be interred has been particularly peculiar. The Republican-controlled Senate Commerce Committee voted, 19 to 1, to approve the measure, which is aimed at reducing teenage smoking. Then Senate Republicans led by Mr. Lott began denouncing the bill as too much big government, and seemed determined to see it fail. Despite some signs of revival on Tuesday, the legislation's future is far from certain.

Taking time out from these retrograde legislative efforts, Mr. Lott marched to the National Rifle Association convention and vowed to oppose any effort to tighten gun control laws. Parents everywhere have been

horrified by the repeated scenes of weeping students at schools shot up by classmates who have easily obtained military-quality weapons. In response, many lawmakers have demanded trigger locks and requirements that gun owners store weapons where children cannot get at them. But Mr. Lott, whose own state has been hit by schoolyard murders, told the NRA that the real key to change was "a well-armed public."

Republican legislative leaders should be defining the agenda and tone of this fall's campaign in a way that appeals to sensible Americans. Instead, Newt Gingrich is busy plotting against campaign finance reform, while Mr. Lott seems to have been trying to protect the rights of children to get their hands on guns and cigarettes. At least no one can accuse them of pandering to the soccer moms.

—THE NEW YORK TIMES

Other Comment

South Asia Has Helpers

India and Pakistan, fresh from testing nuclear devices, are poised to build missiles that could deliver the bomb deep into each other's territory. The United States deplores these developments, but along with other countries it stands guilty of supplying much of the necessary technology.

India's next generation of nuclear missiles probably will be designed with the help of American-made equipment. A.P.J. Abdul Kalam, "father" of the Indian bomb, spent four months in training in the United States.

—GARY MILKOLIN, commenting in The Washington Post

Look at the Benefits and Cost of UN Peacekeeping

By Cedric Thornberry

DIVONNE, France — Fifty years ago this Thursday, a group of young American, Belgian and French officers arrived at Cairo airport to set up the United Nations Truce Supervision Organization, UNTSO, under the mediator, Swedish Count Folke Bernadotte, in what was then Palestine.

The term was not generally used for another decade, but they were the first of nearly 750,000 UN "peacekeepers" who have served under the blue flag in most of the world's trouble spots.

Fully 110 countries have contributed personnel, of whom some 1,500 have died in the cause of peace. Bernadotte himself was an early victim, murdered by the Stern Gang in Jerusalem. UN peacekeeping received the Nobel Peace Prize in 1988.

In these 50 years, 47 peacekeeping operations have been established. Fifteen are now in the field, including UNTSO, still headquartered at Government House high above Jerusalem. Other missions serve today in some of the world's most sensitive areas — in central and southern Africa, Macedonia and the Balkans, the Caucasus, southern Lebanon, Central America, Kashmir, the Golan Heights.

Often, the kind of problem dumped on the UN secretary-general is the kind nobody wants to touch or knows how to settle. But most operations are so successful that the world forgets them.

Sometimes situations remain unstable despite the passage of years, and

could ignite if the UN presence were withdrawn. Yet at some future date they may become ripe for settlement. Meanwhile, a thin blue line keeps the international peace.

Cyprus is a good example of a problem that nobody, today, knows how to solve, but in which a small international presence, its integrity and impartiality trusted by the parties, keeps them from one another's throats.

UN peacekeeping has today a low profile, although 13,000 personnel serve in the 15 current operations, whose annual cost is \$1 billion. At its peak in 1994, more than 70,000 personnel were assigned to 19 peacekeeping missions whose annual cost was \$3.6 billion. Of these, more than 50,000 were in ex-Yugoslavia.

In the first 40 years there were just 13 peacekeeping missions. In the last 10 years there have been 34.

A few have been of the traditional, exclusively military, kind — policing cease-fire lines while others seek more durable settlements, as on the Kuwait-Iraq border, a mission set up by the United Nations after Desert Storm.

But since the end of the Cold War in 1989-1990, and the successful UN operation that brought peace, democracy and independence to South Africa's neighbor Namibia (under the leadership of Finland's present president,

Martti Ahtisaari), peacekeeping has shown how versatile it can be — if adequately led and supported.

Other successes have occurred in the Caribbean, Cambodia, Mozambique and Macedonia. All were innovative — and economical — in containing or resolving conflict situations that could have detonated regional calamities.

Increasingly, UN peacekeeping has involved specialist personnel other than soldiers. Human rights lawyers, policemen, election organizers, war crimes investigators and relief aides work with UN operations. Missions may today have to create and stabilize a peace settlement as well as supervise it.

Sometimes a Security Council mandate has been too ambitious, or has not been accompanied by the necessary resources. Those struggling in Bosnia, with hopelessly inadequate means, often thought the Security Council more interested in playing the press gallery than in aiding the victims. Disasters have befallen operations in Somalia, Rwanda and Angola, through inadequate support or management.

The United Nations underwent a catastrophic crisis of expectations in the early '90s, and the limits of its then capacity became clear.

But governments get the United Nations they want and are prepared to pay for, and the United States and others seem unprepared these days to meet their obligations. No organization whose members are so cavalier about

paying their bills can be run efficiently. Yet by the standards of public expenditure, UN peacekeeping is extraordinarily good value. The estimated total cost of the first 50 years of peacekeeping has been about \$18 billion; shared out among the members. In contrast, "star wars" research costs have so far been about \$50 billion.

The cost of U.S., British, French and German defense in 1994 was more than \$400 billion. That of UN peacekeeping in the 19 major trouble spots around the world during that peak year was less than 1 percent of this.

Bodies such as NATO are being authorized by the Security Council to run regional peacekeeping and enforcement actions. There have been unusual offshoots in Africa and the Caucasus. "Regional peacekeeping" can be a useful international tool; it is recognized in the UN Charter, subject to effective Security Council oversight. If abused, however, it can look like a legal umbrella for the local bully.

UN peacekeeping is one of the most practical inventions of our time. As it reaches full maturity, an essential aim remains to enhance both its effectiveness and its moral authority.

The writer, a former assistant secretary-general of the United Nations, is a visiting professor at the Centre for Defence Studies at King's College, London. He contributed this column to the International Herald Tribune.

Help for Kosovo? Where There's a Will There's a Way

By William Pfaff

VIENNA — The Kosovo problem revolves around the sovereignty problem. In law, Kosovo's conflict with the Serbian government is an internal issue within Serbia. Kosovo is a nominally autonomous province of Serbia, which with Montenegro makes up the sovereign Federal Republic of Yugoslavia, of which Slobodan Milosevic is president.

To interfere with Serbia's repression of the ethnic Albanians, who are overwhelmingly the majority in Kosovo, is to intervene in Serbia's internal affairs. Thus, what the international community so far has

done, or proposes to do, to halt Serbia's attacks upon the civilians of Kosovo is frustratingly indirect and inherently futile.

The immediate problem is not international war but ruthless uprooting and repression of a civilian population inside Kosovo. Britain's Prime Minister Tony Blair, joined by the United States, is proposing that the UN Security Council authorize "all necessary means" to stop the conflict from spreading to Albania and to Macedonia, which has a large Albanian minority.

This was the language which authorized the Gulf War. However, Iraq had invaded Kuwait, an international crime. In the Kosovo case, what is necessary is an intervention inside Kosovo and Serbia to halt a crime against humanity. There is no fully acknowledged international precedent for this. Why not create the precedent?

The international community intervened in Iraq to protect persecuted Kurdish and Shiite Muslim minorities, although none too successfully. Iraqi sovereignty was thus abridged

by the Security Council. The United States has in the past found implausible but tolerated grounds for military violations of the sovereignty of Panama, Grenada, the Dominican Republic, Cuba, Cambodia and Laos. Where there's a will, there's a way.

Air intervention against police and military forces attacking civilian centers in Kosovo, and against their lines of communication and bases, is presumably feasible in military terms. On the Iraqi precedent it would seem legally feasible.

It would be only one factor contributing to a solution, but it

would greatly heighten Mr. Milosevic's difficulties and his relationship with the police and military who are NATO's targets. It would provide one incentive to re-establish negotiations on Kosovo's situation.

Internationalizing the problem is also inevitable, and perhaps inevitable. That is what the international community did when Croatia and Slovenia claimed independence. It recognized them as independent. The Yugoslav army no longer was engaged in suppression of internal dissidence but was committing international aggression. International assistance to the victims was legitimated.

There are Communist precedents. In Finland in 1939 and in Poland midway in the second world war, Stalin recognized "extile governments" made up of Comintern officials, and made it Soviet policy to put them in power. He failed in Finland but succeeded in Poland.

The international community has power to recognize the clandestine coalition government in Kosovo, and the validity of that government's 1991 referendum on Kosovo's independence. The Kosovo leaders have since conducted an extraordinary struggle to free their country by nonviolent means.

Mr. Milosevic is on prima facie evidence a war criminal. The atrocities by Serbian forces in the course of the wars between Serbs and the Bosnians and Croats were committed under his authority, and the struggle in Kosovo is a direct result of his abrogation of Kosovo's former autonomous status.

The prosecutor at tribunal on war crimes in Yugoslavia in The Hague made it known two months ago that she was assembling the case against Mr. Milosevic. He has been spared indictment because Washington and the other Western capitals found him useful in getting Dayton agreements installed in Bosnia, and because Russia was unwilling to seem called to account. Russia now would seem to have had its fill of Mr. Milosevic.

The time has come to demand his indictment and trial, no doubt in absentia — but that's all right; it is the principle and the precedent which count. It would be one further step in the campaign, which is feasible, and by now overdue, to remove Slobodan Milosevic from the European political scene.

International Herald Tribune, Los Angeles Times Syndicate

Milosevic Should Be Worrying About NATO

By Jim Hoagland

WASHINGTON — Slobodan Milosevic has once again confounded the Clinton administration with his willingness to shed blood and risk a major war in the Balkans to protect his power. Fortunately, the behavior of the Communist thug who runs Serbia is not the only recent surprise in Kosovo's gathering civil war.

An unexpected personal commitment by Tony Blair to check Mr. Milosevic's escalating and brutal "pacification" of Kosovo is altering the dynamic of the Western response. Mr. Milosevic can no longer be sure that calls for NATO strikes against him are pure bluff.

British activism introduces unpredictability in Western strategy, which is increasingly open for grabs as the Clinton administration displays signs of fatigue and confusion.

Mr. Milosevic last month correctly read divisions within the administration over Kosovo

and played on them to turn the tables on Richard Holbrooke.

Mr. Holbrooke picked the Serbian dictator's pocket in the Dayton peace talks. This time it was Mr. Milosevic who traded words for something tangible. He has deepened policy and professional splits within the administration, and weakened U.S. leadership in allied diplomatic efforts.

Mr. Holbrooke has the inside track to replace Bill Richardson as ambassador to the United Nations if Mr. Richardson is named energy secretary this month as expected. But Mr. Holbrooke now faces an embarrassing outcome to what seemed to be a not unreasonable gamble in mid-May, when he offered partial lifting of economic sanctions in return for a Belgrade meeting between Mr. Milosevic and Ibrahim Rugova, the pacifist Kosovar political leader.

The Serbian leader also promised to exercise restraint in Kosovo, where Islamic guerrillas have mounted an escalating insurgency fed with weapons and money from neighboring Albania.

The Holbrooke mission, strongly welcomed by Mr. Rugova, stirred unease at the State Department. Madeleine Albright's special envoy on Bosnia, Robert Gelbard, and other working-level officials argued strongly for keeping sanctions on until Mr. Milosevic delivered greater autonomy. But the department's leaders argued that Mr. Milosevic had no interest in pursuing a bloodbath in Kosovo, and overruled them.

"Normally policy conflicts in Washington can be seen on an agency by agency basis, with the Pentagon fighting the State Department," says a European official who follows the debate

on Kosovo. "This split was between the working-level people in all departments who deal with this day to day, and the senior officials, who simply thought they knew Milosevic better, and who may have wanted to limit U.S. involvement."

But once Mr. Holbrooke delivered the sanctions relief, Mr. Milosevic stepped up his repression, bombing and burning villages to establish a death strip along the Kosovo-Albania border. More than 10,000 refugees poured into Albania last weekend as the fighting escalated. Mr. Rugova, whose position has been severely undermined, now refuses to meet Mr. Milosevic again.

This ethnic cleansing has repulsed Mr. Blair and pushed him into leading the way in re-imposing economic sanctions on Belgrade and in providing NATO defense ministers to look realistically at prospects for air strikes in Kosovo.

NATO was authorized to study military operations by the alliance's foreign ministers meeting in Luxembourg on May 28. But participants in that meeting later described the option to me as a theoretical one intended to be publicized as a way of putting pressure on Mr. Milosevic, who dismissed it.

But the outrage of Mr. Blair changes the equation.

Mr. Milosevic treats Bill Clinton as a spent political force, and it is hard to argue with that judgment. But he should not bank on having a free hand in Kosovo any more than he did in Bosnia. This time, the cavalry may be speaking with British accents.

The Washington Post

NATO as Weapons Proliferator

By Joost R. Hiltermann

NEW YORK — Defense ministers of NATO and its partner states, including Russia and Ukraine, meet in Brussels this week in discussion NATO enlargement. They should find ways to prevent a dangerous fire sale of conventional weapons as the former Eastern bloc countries upgrade arsenals to mesh with the alliance.

For the war zones of the Balkans, Central Asia and Africa, this wave of armaments could prove deadly. It would not be the first time. The Germans sold off big stocks of surplus weapons from the former East Germany in the mid-1990s. According to the Bonn International Center for Conversion, the government exported 500 tanks, 1,400 armored combat vehicles and 400 artillery pieces from 1992 to 1995. And that was just the heavy weaponry. The two biggest buyers were Turkey and Greece.

Weapons belonging to Russian forces withdrawing from Eastern Europe found their way quickly to Yugoslavia. The treaty on Conventional Forces in Europe, which was meant to reduce the threat of war, promotes such weapons bonanzas. Its pleasant-sounding term is "cascading," whereby countries sell arms instead of destroying them.

In order to meet the CFE's weapon limits, the United States donated nearly 2,000 tanks, more than 600 armored

personnel carriers and nearly 180 artillery pieces to its allies. Many NATO and former Warsaw Pact members have disposed of excess defense goods in this manner.

NATO enlargement is likely to bring more of the same. The alliance's new members, plus members of the Partnership for Peace program in Europe and Central Asia, are going through the processes of troop reduction and the switch to NATO-standard weapons. This will make available huge amounts of newly obsolete arms and ammunition. The sales will help these states finance their military modernization plans.

At the same time, the glut in weapons will drive down their price, making large quantities of artillery, mortars, automatic rifles and ammunition affordable to a host of governments and guerrilla forces. International peacekeeping forces could well find their operations threatened by these weapons.

Armed conflicts could become more lethal and protracted, leading to humanitarian crises that are extremely costly for the international community. Research in Africa and elsewhere has shown that humanitarian disasters have been fueled by an inflow of large amounts of inexpensive small arms and light weapons. Most serious human rights abuses in

post-Cold War conflicts have been committed with precisely these kinds of weapons.

Unfettered arms supplies to Rwanda in the period leading up to the 1994 genocide clearly provided the perpetrators not only with arms but also with a sense of invincibility and impunity.

It is not too late to do something about it.

Canada is so far the only NATO government that has done serious research about how expanding the alliance could proliferate small arms and light weapons. The others cannot afford to ignore the problem.

The United States is spending a lot of money to expand NATO. In addition to a new Central European Defense Loan Fund, there will be millions of dollars in Foreign Military Financing grants to Partnership for Peace states for the acquisition of NATO-compatible equipment.

If they really want to contribute to world security and human rights, the United States and other NATO countries should offer to buy up excess stocks from new members — and destroy them. Otherwise, soldiers from the alliance could find themselves on the wrong end of those weapons someday soon.

The writer, executive director of the Arms Division at Human Rights Watch, contributed this column to the International Herald Tribune.

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1898: Tetanus Cure

PARIS — A method of curing tetanus has just been discovered by Dr. Roux. He injects into the brain the anti-tetanus which was discovered by the well-known bacteriologist MM. Behring and Kitasato. By injecting the serum into the brain the counter-poison became diffused throughout the nervous system, which was not the case with subcutaneous injections. The cure of tetanus may now be considered certain.

1923: Bulgaria Coup

SOFIA — The Peasant Government, headed by the Stamboulski dictatorship, was overthrown this morning (June 9) by a pronouncement organized by reserve officers with the support of the army. All the Agrarian Extremist Ministers are under arrest. The new Government has been formed of members of the

Bourgeois and Moderate Agrarian parties; no Communists have been admitted. The provincial garrisons have proclaimed themselves solidly for the reserve officers' movement.

1948: UN in Palestine

LAKE SUCCESS, New York — Count Folke Bernadotte, United Nations mediator in Palestine, announced tonight (June 9) that Jews and Arabs have agreed unconditionally to a four-week armistice. The announcement was made in a message from the UN mediator in Cairo to Trygve Lie, United Nations Secretary General. Mr. Lie said that plans are being rushed to insure strict observance of the cease-fire. The arrangements call for France, Belgium and the United States to supply both vessels and military observers. He said each had been asked to send twenty-one military men.

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LETTERS TO THE EDITOR

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OPINION/LETTERS

A Century Led by Europe, Not America

By Richard Pells

BONN — In 1941, the publisher Henry Luce predicted that if the United States embraced its destiny as a global power, people throughout the world would be forced to acknowledge that this was the "American" century.

At the time, Mr. Luce's prophecy was ridiculed, even by Americans, as a typically extravagant pronouncement by a man with the grandiosity to call his magazine *Time*, *Life* and *Fortune*.

Now no one laughs at Mr. Luce. At a recent conference in Leipzig, German and American scholars were eager to resurrect Mr. Luce's hypothesis. The imprint of America's century, they argued, was discernible everywhere, from the Spanish-American War to the movie "Independence Day."

Soon we will be treated to similar assessments in newspaper and magazine articles and at many more academic symposiums. With the year 2000 approaching, which pundit or professor can resist a meditation on, or a requiem for, the American century?

Certainly not me. But maybe we should pause before endorsing the Lucean vision. Can the 20th century really be characterized as American? Or did the most important events of the past 100 years take place — just as they had in the 18th and 19th centuries — in Europe? Could our century be better described as the European, or even the totalitarian, century?

America's contributions to the century are indisputable. The United States has been a pioneer in mass production, mass consumption and mass culture, innovations that have magnified America's global influence and transformed

modern life. Because of the ubiquity of American products, advertisements, music, movies and television programs, people on every continent feel they are living in an Americanized world.

Yet Europe's wars and ideological conflicts have done far more to shape the

Europe's wars and ideological conflicts have done far more to shape the world than Hollywood or Disney.

way people think and act than Hollywood or Disneyland.

The manipulateness of America's mass culture has been inconsequential compared with the murderousness of Europe's mass movements. Europeans have therefore remained, unhappily, at the center of the world's history.

None of this means that Americans have not shared in the horrors of the 20th century. The United States had its own wars and imperial adventures in Cuba, the Philippines and Vietnam. And it has tried, often successfully, to exert its political and economic influence internationally. But for the old-fashioned kind of imperialism that led, before its collapse, to the political and military subjugation of whole continents, look to the British, the French, the Germans, the Italians, the Dutch and the Belgians.

More important, the world wars of the 20th century, while they eventually involved American armies, were cataclysmic for Europe. Where the first and second world wars left America intact, prosperous and powerful, Europeans spent the years after both wars — from 1917 until 1989 — living in the shadow of the totalitarian messiahs, along with their gulags and concentration camps.

The Bolshevik and Nazi revolutions, as well as the Cold War, were essentially struggles over the postwar fate of Europe. Indeed, the rise and fall of totalitarianism is the central political and human drama of the 20th century. And it is predominantly a European drama in which the United States played a significant but secondary role.

In the loftier realms of science and the arts, it is customarily said that after 1945 America became the home of Western culture. But the construction of the atom bomb, the emergence of abstract expressionism as a uniquely American form of painting and the evolution of American literature from Ernest Hemingway to Thomas Pynchon could not have occurred without the influence of European ideas or the flight

of academics and intellectuals from Nazi Germany to the United States.

Even the global popularity of American movies is inconceivable without the presence in Hollywood of European directors, cinematographers, set designers, writers and actors.

And as we near the end of the century, Europe is again engaged in the most important of contemporary arguments over economic integration, multinational mergers and the effort to achieve a balance between the free market and social welfare.

Was Henry Luce wrong? Not entirely. American power was crucial in ending Europe's wars, hot and cold. And America's economy and culture have changed how we all work, what we buy and how we entertain ourselves.

But in the domain of politics and diplomacy, where decisions can be for millions a matter of life and death, this has been — sometimes for the better but mostly for the worst — the European century.

The writer, a Fulbright professor at Bonn University, is the author of "Not Like Us: How Europeans Have Loved, Hated and Transformed American Culture Since World War II." He contributed this column to the *International Herald Tribune*.

The Rumor Mill: Beyond the Internet

By Frank Rich

NEW YORK — Contrary to published reports, the Internet did not kill Bob Hope.

The real culprit was Congress, whose members took to eulogizing the still-living comic from the floor last Friday on the basis of an advance obituary accidentally posted on an Associated Press Web site.

Had anyone in the House actually looked at the computer printout that cited the funeral orator, he would have seen a patently dummy news story shot through with long strings of "XXXXXX" as space holders.

But why let the facts ruin a touching impromptu memorial service being beamed to television viewers — voters — back home?

All the way around, it was human error, not computer error, that led to this gallow's comedy of errors. And there may have been no one who enjoyed the farce more than Matt Drudge, the Internet's self-styled Walter Winchell and the favorite poster boy of every commentator (me included) for journalistic impropriety in the new media age.

On his site, Mr. Drudge made fun of ABC News, which had broadcast Mr. Hope's "death" on its radio network. "In January," Mr. Drudge wrote with deadpan irony, "ABC News Nightline devoted a show to the perils of speed Internet reporting and the danger of false information being circulated on-line without fact checkers and editors."

ABC's gaffe hardly clears Mr. Drudge of his own egregious errors, one of which has led to a ferocious

libel suit. But about at least one thing, one big thing, he has been right, and he was right long before most of the rest of us recognized it: The Internet, speed and all, is shaking up the coverage and dissemination of news as has nothing else in the half-century since the proliferation of

MEANWHILE

television. It may one day even eclipse TV, much as TV long ago down-sized radio.

A new survey released on Monday talks in very unpolster-like language of the "astonishing rate" of increase in the Internet news audience. In 1995, only 14 percent of Americans surfed the Net for news; now, just three years later, 36 percent do. In recent years the audience for print journalism has remained stable while the number of Americans who rely exclusively on TV's nightly broadcast news has fallen from 30 to 15 percent.

The same survey also showed that most Americans cite accuracy as by far the most important component of news, and that they distinguish clearly between credible brands like *The Wall Street Journal* (which 81 percent rate as largely accurate) and the *National Enquirer* (which only 7 percent do). Would these news consumers be turning to Internet news sources if they believed them to be intrinsically inaccurate? Hardly.

If anything, you could argue — as Mr. Drudge slyly did when addressing Washington's National Press Club last week — that it is the non-Internet media that have made the most notorious journalistic errors of late: the bogus eyewitness account of a Monica-Clinton tryst, the incrimination of Richard Jewell in the Olympics bombing, the serial publication of plagiarized and fictional stories in *The New Republic* magazine and, just three days after the Drudge speech, Bob Hope's "death."

It is past time to retire the Internet as a scapegoat for journalistic ills; it is a medium, not a message, and it can be used as irresponsibly or as honorably as a printing press or a television network can.

Americans will surely distinguish between credible and tabloid news on the Net just as they do in other media. When Matt Drudge runs an inaccurate, unsubstantiated story, he pays — if not in court, then in how his audience perceives him. His undeniably entertaining site could end up as widely read as the *Enquirer* — and just as widely disbelieved. Or, with unassailable scope, he could turn himself into the Net's Horace Greeley.

"The Internet is going to save the news business," Mr. Drudge declared at the Press Club. It is hard to fault him for striking back with such hyperbole at his critics within the journalistic establishment. Their reports that he and his new medium would kill the news business have proved as inaccurate as those of the death of Hope.

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LETTERS TO THE EDITOR

Failed Drug War

Regarding "Big Names Sign Letter Criticizing War on Drugs" (June 10):

The "war on drugs" makes Prohibition look like a roaring success.

It has made the United States into the world's highest per capita jailer of its own people.

And while drug warriors express concern for children, an unregulated black market in drugs does nothing to protect young people — drug dealers are unlikely to ask for identification, as merchants of legal drugs like alcohol and tobacco are required to do.

Billions of dollars have been wasted on this drug war that could have gone to fund programs to help people with the disease of addiction.

I do not want my children to grow up in a police state created in the name of a drug-free world. It is time for the United States, as well as the international community, to rethink its drug policies.

TIMOTHY J. MEEHAN,
Toronto.

Drug prohibition has clearly failed. We must instead legalize and control the distribution of drugs. (This suggestion will not please those who profit from the present system.)

Crime levels would fall. More money would be available for education. Pressure on police, courts and prisons would drop. The dosage and quality of drugs could be controlled. And drug-taking would be deglamorized.

ALUN BURFAY,
Norfolk, England.

On Genocide

Regarding "Vote on 1915 'Genocide' Infringes Turkey" (May 30):

Putting the word genocide in quotes is deeply insulting to any people who have undergone genocide.

As for Turkish sensibilities

about the "sad events" of World War I — the words of Prime Minister Mesut Yilmaz — Turkey until recently did not even acknowledge that there had been any such "events."

If Turks are sensitive about the issue of genocide, I can only hope that this sensitivity will prompt a recognition of the unimaginably brutal crime committed against the Armenian people by the Ottoman Empire. The name of the crime is genocide.

ARMEN SAHAKIAN,
Lisbon.

After four years of silence, the media are finally asking questions about the extent of the international community's indifference to the Rwandan genocide of 1994.

So far, criticism has been directed at states, for lacking the political will to stop the genocide, and at Kofi Annan. He is accused of having failed to respond appropriately to a fax sent by the head of UN forces in Rwanda, which warned of the planned extermination of the Tutsi. (Now UN secretary-general, Mr. Annan at the time was director of UN peacekeeping forces.)

For the assessment of the international community's record in Rwanda to be complete, however, another key player must take some measure of blame: the media itself, especially the media in America.

In the period leading up to the start of the killing in April 1994, the American media failed to cover the Rwandan drama even though an increasing number of human rights agencies were expressing alarm at worsening security conditions and human rights abuses. Once the massacres began, it took nearly a month for the media to describe what was taking place as a planned genocide and not just as spontaneous violence by mobs intent on tribal bloodletting.

CAROL McQUEEN,
Oxford, England.



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TribTech

In Cybersuit,
The Maestro
Shows HeartBoston Pops Conductor
Wired for Night by MITBy Julie Flaherty
New York Times Service

BOSTON — "Respiration fine," a concerned technician said as he peered into his monitor. "Heart-beat is flaky, but it's there."

An emergency room scene? No. It was an hour before showtime and the debut of the "conductor's jacket," a piece of cyberclothing that keeps track of a director's vital signs while he leads an orchestra.

The subject, with sensors and wires hanging off him like tin foil tentacles, was Keith Lockhart, the director of the Boston Pops orchestra, who was surrounded by a dozen academics from the Massachusetts Institute of Technology Media Lab.

Throughout the concert, in addition to his respiration and heart rate, the flashy red-and-silver jumpsuit recorded movements of his arms, neck and torso, as well as muscle tension and skin conductivity — determined by how much he perspired and if he was startled, for example by a misplaced cymbal crash. More for the sake of performance than science, the computers also flashed his vital signs onto a screen suspended from the pipe organ.

The goal was to collect data that might explain how Mr. Lockhart's beat, timing, natural gestures and even emotion become music.

Although the jacket's creator, a graduate student, Teresa Marrin, studied violin and conducting as an undergraduate, her belief was once that "classical performing arts are not going to survive the millennium."

"The violin is a beautiful tool, a beautiful transducer of our expressive intentions," she said. "But I really felt that in order to keep ourselves as human beings engaged in this process of creating art that we'd need to have tools that make more sense in a modern context." Thus she is involved in the laboratory's creation of "hyperinstruments." Already the lab has constructed an average violin digitally enhanced to sound like a Stradivarius.

Not surprisingly, the showman conductor, who donned jogging shorts for the cover of his latest album, was nonplussed when shown the original design for a plain, white jacket that could be discreetly worn under his Armani tuxedo.

"We were willing to hide all of it, except for a tail," Professor Rosalind Picard said. Instead, Mr. Lockhart asked that it be more cyberfashionable, and beamed as he took the stage for "Tech



Mr. Lockhart conducting as his body's signals were translated into images.

Night," a concert for MIT alumni, in what he called his "Buck Rogers suit."

TO ADD to the spectacle, a specially created computer program translated his body's signals into an interpretive dance of geometric shapes that grew, swirled and changed color.

"It's a problem these days anyway that music, being a primarily aural medium in an extremely visual society, often suffers," Mr. Lockhart said. "The fact is frankly that most of the general public finds the frontiers of science perhaps more interesting than they find the

frontiers of the artistic experience."

The thumping tribute to John Philip Sousa did little to move Mr. Lockhart's flat-lining EKG (the result of a glitch in the computer, not his heart). But by the end of "The Sound of Music" medley, anyone would have thought Rodgers and Hammerstein had intended the accompaniment of the psychedelic orbs and cubes dancing overhead.

David Freedman, class of '48, said he would not call the spectacle art, but it was different from the stuff he learned in his college days. "We didn't even have transistors," he said.

High Tech From China's Ivory Tower

Inventor of Publishing Software Dominates the Domestic Market

By Steven Mufson
Washington Post Service

BEIJING — Wang Xuan has created a little slice of Silicon Valley here. Mr. Wang, who is a professor at Beijing University, also runs a modest-sized but profitable computer company called Founder (HK) Ltd. that commands 81 percent of the Chinese market for electronic publishing software.

It also integrates systems for banks, creates fingerprint-recognition systems for public security departments and assembles its own brand of personal computers from imported components.

Mr. Wang earns no more than the equivalent of a couple of hundred dollars a month as a university professor. But as a computer executive he earns more than \$200,000 a year and has stock options worth about \$5 million at the current stock price — figures that are still mind-boggling in what the governing Communist Party describes as a "socialist market economy."

Founder is held up these days as a model for China's economy: a high-technology, fast-growing company that serves the domestic market and is starting to compete in Japan as well.

Bill Gates, the chairman of Microsoft Corp., has met with Mr. Wang, whose system is based on Microsoft's Windows. Analysis in Hong Kong are applauding the performance of the portion of the company that is listed there.

"They're a focused company," said Tim Funicane of Nikko Research Center (HK) Ltd.

"When the company was listed, a lot of people had a lot of doubts. People thought they'd diversify and use the money in other ways. But they have delivered what they said they'd deliver. It's a real software company."

FOUNDER also represents a trend in the commercialization of Chinese universities. A spin-off of Beijing University's computer research center, Founder is 46 percent owned by the university through a more diversified university-owned holding company named Beijing Founder. The holding company has ventures in activities as varied as real estate, chemical manufacturing and cosmetics, and it generates about \$3.6 million a year for the university.

Founder is one of several commercial ventures for Beijing University. Once exclusively funded by the government, the university now finances a third of its budget from the profits from commercial ventures. University officials, including the university Communist Party secretary, sit on the boards of the companies and collect substantial directors' fees.



Wang Xuan, the head of Founder.

Founder's ties to the university and its well-connected board of directors give the company an edge in competing for contracts from state-owned newspapers, television stations and banks. Mr. Wang himself has become a member of the National People's Congress, China's legislature.

IN ADDITION to connections, the company gets research. Founder pays from \$120,000 to \$240,000 a year to the university and in return gets the rights to all the research at the university's computer institute. The company also supplements the stipends of 60 graduate students, part of the 600 engineers working as researchers for Founder.

Though Founder has diversified, its main profit center is its niche in publishing software, providing about 60 percent of the company's profits. Founder has capitalized on the complexity of written Chinese, which uses about 20,000 different characters. Until 1987, Chinese newspapers were still using laborious lead type to typeset their pages.

Mr. Wang used mathematical formulas to come up with a software program for Chinese publishing. He decided to skip over the two generations of computer publishing then in use and devised a dot-matrix program and a way to reduce the amount of computer memory needed to store the program. He used laser printing techniques.

Founder's software has evolved into a sophisticated typesetting and layout software.

In addition to selling software to virtually every major Chinese daily newspaper, Founder has supplied its system to Chinese-language papers in Malaysia, the United States and Taiwan. Customers range from the Chinese Communist Party organ, the People's Daily,

to a paper owned by the Nationalist Party in Taiwan.

Mr. Wang pulls out a copy of a Taiwanese newspaper that has used Founder's software to fuse the head of the president of Taiwan, Lee Teng-hui, onto the body of Michael Jordan doing a behind-the-head dunk shot.

While revolutionary when Mr. Wang developed it, Founder's style of computer publishing is now commonplace. Most Chinese newspapers use some form of computer publishing, either Founder's or one of its main competitors in Chinese-language software, including Quark Express and Adobe.

Founder has also come up with a software system for television stations to manage work flow and produce animation. Its first customers have signed contracts, and with 3,000 television stations in China, Mr. Wang hopes this will prove profitable.

The company has also sold fingerprint database systems to public security bureaus in 30 cities, including Shanghai, Guangzhou and Hangzhou. In an authoritarian country with a population of 1.2 billion, "the potential market is obvious," Mr. Wang said.

And last week, Founder announced that it would start a \$20 million joint venture with Digital Equipment Corp. of Maynard, Massachusetts, to provide computer network and systems integration services for Chinese customers.

All this is a far cry from Mr. Wang's situation 30 years ago, during the Cultural Revolution. At that time, youthful Red Guards who worshipped Mao Zedong and attacked anything that smacked of foreign or ancient culture targeted Beijing University's small computer science department.

Mr. Wang was treated relatively leniently, being banished from the university but allowed to work at home on developing his own computer language.

MEMBERS of today's younger generation are not persecuting computer jockeys. They are joining them. Founder's chief of research is 41. Of the company's 50 directors and deputy directors responsible for the technical division, 90 percent are under the age of 35. Half are under the age of 30.

Mr. Wang, who is 61, says he will retire in two years.

He is eager to avoid the mistakes made by the pioneers of such U.S. computer companies as Cray Research Inc., Wang Laboratories Inc. and Digital, who stayed too long and watched their companies decline.

"A younger generation is replacing my role," Mr. Wang said, "because in computers, younger people are superior to the older generation."

BRIEFLY

• **BBC'S DIGITAL DISPLAY:** British viewers at selected sites around the country will get a sneak peek of the BBC's planned digital television services this week with previews of a World Cup-related sports service.

The BBC said it began previewing the terrestrial service Wednesday at Heathrow airport lounges, a handful of county shows, and with a giant video screen at the Trocadero complex in London.

The trial will last for the duration of the World Cup as the BBC gears up for the full-blown launch of digital terrestrial TV this autumn. Later this month, the BBC plans to start transmitting its core BBC1 and BBC2 channels and BBC News 24 in the new wide-screen format, as well as a new BBC Choice preview channel via satellite.

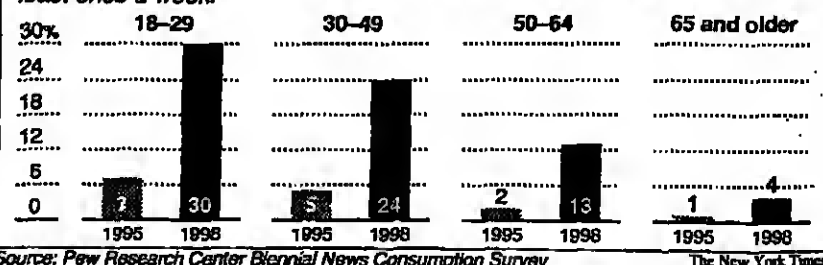
Digital TV services will offer coosurers improved sound and picture, as well as interactive services and a plethora of channels compared with the four or five analogue TV channels that British viewers without cable or satellite services currently receive. (Reuters)

• **NBC SNAPS UP SNAP:** Venturing into the most competitive area of the Internet, NBC has agreed to buy a controlling stake in Snap, an upstart search and directory service, from its creator, C-Net Inc. The network said it was also buying a 4.9 percent stake in C-Net.

NBC, a unit of the General Electric Co., is endorsing the view that Internet directory companies, or search engines, such as Yahoo Inc. and Excite Inc., are

Getting Their News Online

Percentage of adults in each age group who go online to get their news at least once a week



emerging as the cornerstones of profitable on-line ventures. Such portals, as the directory sites have come to be called, have started charging large fees from World Wide Web sites to which they direct Internet users.

The deal, the cost of which could total \$39 million by the time it is completed, represents the first time a broadcast network has entered the Internet portal market, although all the networks have built or acquired various sites that offer content such as news, sports or entertainment. (NYT)

• **NEWS JUNKIES ON-LINE:** The number of Americans reading news on the Internet is growing quickly, according to a study released this week.

The Pew Research Center study found that 20 percent of Americans use the worldwide network at least once a week to satisfy their appetite for information. But most people said they use the Internet to supplement, not replace, their traditional sources of news. Two years ago, just 6 percent went online for news, the survey showed.

Readership of daily newspapers remained "remarkably stable," the study said. It found that Americans continue to rely heavily on their daily paper as a primary source of news, with 68 percent reading regularly, not much different from the center's 1996 study. (AP)

• **NEW SUPERCOMPUTERS:** NEC Corp. plans to bring to market in December a new line of supercomputers, powerful machines used by scientists to perform complex tasks such as forecasting the weather.

NEC's SX-5 supercomputers can process calculations about four times as quickly as their predecessors, the SX-4 line of computers, and can store about eight times as much information, said Chris Shimizu, a NEC spokesman.

The SX-5 will compete with Fujitsu Ltd.'s VPP700E, released last year, and California-based Silicon Graphics Inc.'s Cray supercomputers.

Monthly rental for the SX-5s starts from 20 million yen (\$142,000), NEC said.

• **IRRATIONAL FRAUD FEARS:** Fear of fraud rather than fear of flying has held back the growth of air travel sales on the Internet, travel industry specialists told the International Air Transport Association annual general meeting this week in Montreal.

But that will not stop air travel from becoming the biggest selling consumer item on the Net by 2002, according to recent forecasts.

Concern about the security of credit card information transmitted on-line is the reason most frequently cited for why a majority of travel shoppers do not end up completing a purchase, a panel of electronic commerce experts said.

Last year, there was not a single report of theft of credit card information processed using the secure encryption facility built into the two main Internet browsers, Netscape Navigator and Microsoft Explorer, said Terrell Jones, chief information officer of the Sabre Group, which provides on-line flight information. (Reuters)

ALT/Commentary

The Net Is Not Ready to Save the World

By Victoria Shannon
International Herald Tribune

PARIS — Like an unrepentant child of the '60s, I believed that the Internet would save the world.

In a manner of speaking, of course. In the early 1990s, when the power and passion of the Internet was dawning on the world, I was drawn to the promise of our becoming a genuine global village, a planet without borders.

It truly seemed possible that business, information and entertainment on the Internet would be blind to borders, instantaneous and free — well, O.K., competitively priced. I finally conceded. People of all nations would learn to play well with others because we would all have the same rules, the same standards, the same lingua franca: the Internet.

A few unrelated events in the past couple of weeks have served to both dull and stir that hope. Now I just think the Internet is too adolescent to be a worldwide savior of anything quite yet.

The incident that got the most public attention was the verdict against the former CompuServe Deutschland manager.

A Munich judge last month ruled that the on-line service official was guilty of spreading pornography because he failed to block subscribers' access to Internet sites that violated German law.

This appeals for myriad reasons: a) current German law does not hold service providers responsible for content they do not create; b) the defense team as well as the prosecutors in the case had recommended acquitting the manager; c) CompuServe had actually caved in to early threats from German investigators and temporarily blocked about 200 Internet sites, and, the most obvious, d) the sites in question weren't even in Germany.

The verdict, as The New York Times saw it, was "a victory for the notion that national law can be applied to something as amorphous and borderless as the Internet."

Even the European Commission was left scratching its figurative head. "The commission has learned of this decision with a certain astonishment," a spokesman, Jochen Knobloch, said. "This proves once again the need for talks at an international level about this type of problem."

No kidding. Just as companies find national cultures and traditions sometimes insur-



mountable barriers to doing business abroad, so too with the allegedly boundary-free Internet. It seems we're seeing more, not less, parochial or simply selfish Internet reactionism. The more popular it becomes in far-flung locales, the more the Internet strikes people as a way to make as much money as fast as possible without regard to the long-term health of the system.

On one aspect of people making money on the Internet, we have arrived at a temporary stalemate. Where the

It seems we're seeing more, not less, parochial or simply selfish Internet reactionism.

United States and the European Union want to keep free from taxes the sales of goods delivered electronically, many other countries want to keep the right to collect those taxes.

Should the Internet be exempt from a government's sovereign right to taxation?

The World Trade Organization, in choosing a couple of weeks ago to delay resolving the impasse for another year, has accidentally sided with "e-commerce" and with keeping the Internet from dissolving into another battlefield in the trade wars. A duty-free Internet is a competitive one, with a level playing field.

At least for the next year. There is, of course, no promise that the same will happen when the WTO takes it up

again in 1999.

Finally, lifting my hopes for a better Internet tomorrow, the United States last week withdrew a plan to regulate the assignment of Internet addresses. After months of international outcry about the heavy-handedness of its involvement, the Commerce Department's new proposal gives the responsibility back to Net itself and an international, non-profit volunteer group of activists.

In light of the recent environment of nationalism, the decision was refreshing — and unexpected. And perhaps a little scary: Could this be the model for a global plan to study and regulate other Internet issues? Is there the seed of a United Nations of the Internet here? Is there any way the Internet could be in fact self-regulating on an international basis?

Is it still possible that the Internet could indeed save the world, at least from itself?

Internetizens watching these issues converge are suffering the same kind of indignation as they did after the passage of the U.S. Communications Decency Act of 1996 outlawing "indecent" material viewable by minors on-line.

The Supreme Court struck down the act a year ago as an unconstitutional restraint of free speech. Would that there were a global cyber equivalent of the high court to put right the rest of these wrongs as well.

Victoria Shannon edits TribTech. She can be e-mailed at: tribtech@iht.com.

TECHNOLOGY INDEX

A glance at technology stock indexes around the world			
North America	Tuesday close	% change previous week	% change year to date
Pacific Stock Exchange Technology	338.84	+8.88	+16.62
Standard & Poor's Technology Composite	847.62	+3.18	+21.10
Europe			
Morgan Stanley Eurotec	583.72	+4.28	+51.53
Asia			
Topix Electric	1783.38	+0.88	+8.47

Source: Morgan Stanley, Bloomberg News

For technology articles from the past week, see the Technology Index on the IHT's World Wide Web site at <http://www.ihl.com>. Articles include:

- Alcatel to Buy Network Leader, June 5
- The Internet Needs Light Regulation, June 5
- Motorola, Hit Hard by Asia, To Eliminate 15,000 Jobs, June 6
- A Risky Run on High-Tech Industry, June 6
- Plan Aims to Keep Web a Private Affair, June 6
- Samsung To Cut Chip Production, June 9
- What to Do When the Chipmakers Are Down, June 9
- Cable & Wireless Chief Focuses on U.S., June 9
- State-Run Computer Firm Dominates in China, June 9
- Intel Suit: An Odd and Difficult Case to Prove, June 10

To reach TribTech editors or to comment on IHT technology coverage, send e-mail to tribtech@iht.com.

International Herald Tribune

Clock Ticks,
But Brittan
Pushes OnEU Trade Commissioner
Hurries to Make His Mark

By Alan Friedman

PARIS — For years, the best pupil in the class of European Commission members has been Sir Leon Brittan.

But time is running out for the 50-year-old Irishman, who has been in the job for less than a year.

Among the French, Jacques Chirac's government has attacked Sir Leon's push too quickly, trade negotiators say.

"Yes, Sir Leon is a very good negotiator," said a French official.

Characteristically, French president Jacques Chirac said Sir Leon is a "very good negotiator."

Sir Leon is a "very good negotiator," said a French official.

That term, "very good negotiator," runs out next week.

Labour Party's Sir Leon is a "very good negotiator," said a French official.

Asked if he would stay in the job, Sir Leon noted that he will have served for a total of 11 years.

European officials say he is working hard to make progress in his first year.

Among Sir Leon's proposals to create a board of directors for the "Mediterranean" to advance talks between the United Kingdom and the Mediterranean Partnership.

He also wants to join the World Trade Organization even before it meets demands for ratification.

The trans-Atlantic trade talks to flourish in diplomats on both sides.

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China's Ivory Tower
dominates the domestic market

Clock Ticks, But Brittan Pushes On

EU Trade Commissioner Hurries to Make His Mark

By Alan Friedman
International Herald Tribune

PARIS — For years he has been like the best pupil in the classroom, the most intellectually gifted member of the European Commission, and with ambition to match.

But time is starting to run out for Sir Leon Brittan, 58, the respected EU trade commissioner whose combative approach has won him more enemies than friends.

Among the enemies is President Jacques Chirac of France, who recently attacked Sir Leon for allegedly trying to push too quickly with a trans-Atlantic trade negotiation.

"Yes," Sir Leon conceded in an interview, "I have problems with Chirac."

Characteristically, he called the French president's objections "non-sense."

Sir Leon is a committed trade advocate, but lately he has seemed especially driven.

"Leon is a man in a hurry," said one European trade official. "He is trying to get as much done as possible before his term expires."

That term, as trade commissioner, runs out next year. With Tony Blair's Labour Party in power in London, Sir Leon — a former Conservative Party politician and minister in the Thatcher years — is unlikely to be asked to stay on.

Asked if he expects to leave Brussels, Sir Leon noted simply that by 1999 he will have served in the commission for a total of 11 years, "and 11 years is quite a long time."

European officials close to Sir Leon say he is increasingly impatient these days to make progress on a short list of key trade agenda items that would advance his free-market ideology and leave behind a legacy of achievement.

Among Sir Leon's top priorities is a proposal to create a new cross-the-board round of global trade talks that he calls the "Millennium Round": a plan to advance an ambitious trade dialogue between the United States and EU called the "Trans-Atlantic Economic Partnership," and efforts to allow China to join the World Trade Organization even before it meets all of Washington's demands for immediate trade liberalization.

The trans-Atlantic dialogue is expected to flourish in coming months, but diplomats on both sides of the Atlantic doubt that Sir Leon will succeed in launching a full-blown Millennium Round or in persuading Washington to allow China into the World Trade Organization on easier terms.

But Sir Leon remains undaunted and is globetrotting as furiously as ever. (In Beijing, he once stepped off a plane and went straight into 10 hours of meetings. Was he jet-lagged? Had he slept on the plane? "Of course," he deadpanned in his impeccable Oxford English. "What else are planes for?")

In Brussels, a senior Commission official said Sir Leon "has an intellectual superiority that we all respect, but which sometimes rubs his colleagues the wrong way."

His problems with Mr. Chirac are well known, and they recently produced an unusually vitriolic personal attack by the French president, who in March stopped Sir Leon from pursuing a broad-ranging free trade pact with the United States.

The French criticism came even after Sir Leon had made efforts to exclude from the talks both agriculture and audiovisual issues, the two areas that trigger the most protectionist sentiment in France.

In the interview, Sir Leon said that to accommodate French objections, "We have dropped the words 'free trade area,' but we are committed to reducing barriers bilaterally and to working for a common approach on multilateral ne-

See SIR LEON, Page 18



Sir Leon Brittan, impatient to make progress on a few key trade issues.

G-7 Promises to Support Russia

But Stocks Fall Sharply in Moscow Over Lack of Specific Aid Plan

Compiled by Our Staff From Dispatches

PARIS — The Group of Seven leading industrialized states lined up behind Russia on Wednesday in its bid to shake off a financial crisis and backed further aid through the International Monetary Fund if needed.

But the Moscow stock market fell sharply after neither the G-7 as a whole nor individual Western partners came up with concrete figures for new aid.

Russia, struggling with a month-long financial crisis, expects to receive \$670 million from the IMF in the next month, the latest tranche of a \$9.2 billion loan.

But Western analysts have estimated its short-term cash needs at \$5 billion to \$15 billion.

Complicating its situation, Russia failed Wednesday to raise enough money at its debt auction as investors spurned the sale on concern that the ruble could be devalued, even as yields exceeded 50 percent.

The government raised just 4.58 billion rubles (\$742.3 million) from sales of six-month and one-year bills and three-year bonds.

The income from the auction is less than needed to cover the \$1.1 billion due in debt payments this week and will force Russia to dip into its \$10 billion of cash reserves, raising concern about the ruble.

"The bidding was almost entirely from primary dealers" who were obligated to bid, said Sonja Gibbs, chief

strategist at Nomura International in London.

The U.S. deputy treasury secretary, Lawrence Summers, in Paris for two days of talks with senior financial officials from the G-7 countries, said for the first time that the group would consider additional aid to Russia.

"They said that, but it's not enough," said Margaret Strasser of East Fund Management in Vienna. "I need more concrete packages."

Analysts said they expect the G-7 to make available about \$5 billion in financing to Russia, tied to strict conditions, including additional spending cuts and efforts to increase tax revenue.

"It's a question of confidence, not a question of a dollar amount," said Joseph Strubel, head of fixed income at Renaissance Capital Asset Management. "It just needs to calm the markets."

Mr. Summers emphasized that Moscow must continue to implement fiscal reforms, including cuts in spending and improvements in tax collection.

Russian officials have pledged to cut government spending by 40 billion rubles and to raise revenue by as much as 14 billion rubles, in part by improving tax collection and reducing borrowing costs.

Dismissing state workers and cracking down on tax dodgers may be the easiest way for the government to per-

suade investors that it is serious about improving its finances.

Any additional lending from the International Monetary Fund or elsewhere likely would require deeper spending cuts, analysts said.

Nervous investors in Moscow were disappointed by the lack of a concrete rescue plan. The benchmark RTS share index finished 6.21 percent lower.

Russia, which must raise \$5 billion this month and \$33 billion by the end of the year to pay maturing debt and interest payments, bought some of the debt at the auction itself to keep yields down and alleviate devaluation fears.

The central bank said the sale failed to meet its own expectations.

"The maturing debt will be covered by money from the budget," said Yekaterina Leonova, an economist at the Russian central bank.

Russia's failure again to attract investor interest in its debt makes the need for outside assistance even more urgent.

"The government has done everything within its power and without outside support we do not see how the situation can be stabilized," said Eric Kraus, chief strategist at Regent European Securities.

The G-7 is made up of the United States, Japan, Germany, Britain, France, Italy and Canada.

(Reuters, Bloomberg)

GM Strike: Troubled Legacy Leaves No One in Mood to Negotiate

Walkout Prompts Shutdown of 7th Plant

Workers Take Stand Against Global Forces

The Associated Press

DETROIT — General Motors Corp. shut down a seventh assembly plant Wednesday because of a walkout that has disrupted production of fenders and doors.

In all, about 17,300 GM workers have been idled because of the strike by United Auto Workers against GM's Flint Metal Center. Representatives from the union and management held talks Wednesday, but no progress was reported.

GM's stock has fallen only slightly since the strike began.

It finished down 62.5 cents Wednesday at \$72.5625 on the New York Stock Exchange.

"General Motors is perceived as a multilayered

bureaucracy that is very high-cost and very slow-moving," said David Healy of Burnham Securities Inc. "Any signal that this is changing through making plants more efficient or making the organization more flexible is welcomed on Wall Street."

More shutdowns are expected as the strike continues. Sixteen cities across North America have GM plants that use parts made at the Flint Metal Center. Analysts estimate the lost production could cost GM \$300 million a week if all those plants close.

If the UAW strikes another key plant in Flint on Thursday as threatened, virtually all of GM's North American production could come to a halt.

By Frank Swoboda
and Warren Brown
Washington Post Service

The giant sign outside Flint, Mich., still proclaims "Welcome to Buick City," even as General Motors Corp. plans to shutter one of its oldest assembly plants. The symbolism is not lost on the thousands of striking auto workers who believe they are finally making a stand against the global competition that has swept away jobs and a way of life.

The strike against General Motors, in the city that was the birthplace of both the largest U.S. industrial company and the United Auto Workers

union, centers on many of the issues involving job security and corporate flexibility that have bedeviled both companies and workers in the global economy.

But, in this case, a history of grievances on both sides and a legacy of six previous local strikes in the past two years have left neither side in a mood to negotiate. Within days, much of GM's vehicle production could cease as a dispute that began in a Flint metal-stamping plant Friday reverberates through the company.

For Rita Jackson, recording secretary of the plant's Local 659, the stakes for the UAW and

See GM, Page 18

Sellers of Godzilla Gear Worry Size May Matter

By Stuart Elliott
New York Times Service

NEW YORK — With "Godzilla" turning out to be more of a limping lizard than a leaping lizard at the box office, the licensing and merchandising partners that anticipated the film would be a summer blockbuster must now hope that size won't matter after all.

"Godzilla," which opened in the United States on May 20, had been promoted relentlessly for more than a year with a breathless teaser campaign insisting that "Size does matter." Though the movie, distributed by the Tristar unit of Sony Pictures Entertainment, had already sold \$114 million worth of tickets in the United States through Sunday, it is widely being perceived as a disappointment because all that sizable pre-release boasting led industry analysts to expect spectacular results.

The fact that so many are already decrying how "Godzilla" is faring is indicative of the huge risks that marketers take when they seek to capitalize on the hoopla and hype of Hollywood.

In the case of "Godzilla," declines in ticket sales in the second and third weekends of 59 percent and 46 percent have made it difficult to meet the ambitious goal of Sony executives for a \$200 million American box-office bonanza. But does that necessarily mean shoppers will shy from all the "Godzilla" products?

"The jury is still out," James Mam-

arella, editor of License magazine, said, adding, "It could have a life of its own at retail," he said, "even if there's a cloud over it."

Some advertisers say they benefited from the pre-opening blitz orchestrated by Sony, cushioning them from potential subsequent shortfalls.

The Taco Bell fast-food chain, owned by Tricon Global Restaurants Inc., is reporting signs of life at its 7,000 stores after spending an estimated \$60 million before the release date to peddle "Godzilla" merchandise and a "Find Godzilla and Win" game.

"We are very pleased with the results," said Vada Hill, chief marketing officer at Taco Bell.

The primary reason, he added, is that the company survives in developing film tie-ins to "create a world in our restaurants that leverages 'the sweet spot,' the intersection of the movie and the Taco Bell brand."

"And if the world we create is compelling, it takes on a life of its own, disconnected from the movie," he said.

Products more directly related to "Godzilla," like toy likenesses of the beast, may prove more problematic.

Martin Brochstein, executive editor of The Licensing Letter newsletter, said, "I'm making calls to licensees and while it's a little early, the patterns are clear that it will not be a booming success."

"It's rare at best when a movie does not do well and the ancillary products did," he added.

CURRENCY & INTEREST RATES

June 10										June 10										
Cross Rates										Libor-Libor Rates										
Australian	2.08	2.07	1.22	1.22	1.22	1.22	1.22	1.22	1.22	1-month	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
Brazilian	3.00	3.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	3-month	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
Canadian	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	6-month	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
Chinese	15.35	15.35	15.35	15.35	15.35	15.35	15.35	15.35	15.35	9-month	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
French	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1-year	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
German	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	1.36	Key Money Rates										
Japanese	140.00	140.00	140.00	140.00	140.00	140.00	140.00	140.00	140.00	1-month	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
Swiss	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48	3-month	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
UK	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	6-month	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
US	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	9-month	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
Other Dollar Values											1-year	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
Canada	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	2-month T-Bill	5.01	5.13	5.12	5.12	5.12	5.12	5.12	5.12	5.12	
France	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	3-month T-Bill	5.16	5.43	5.44	5.44	5.44	5.44	5.44	5.44	5.44	
Germany	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	6-month T-Bill	5.29	5.54	5.54	5.54	5.54	5.54	5.54	5.54	5.54	
Japan	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	9-month T-Bill	5.54	5.59	5.59	5.59	5.59	5.59	5.59	5.59	5.59	
UK	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1-year T-Bill	5.59	5.59	5.59	5.59	5.59	5.59	5.59	5.59	5.59	
Other Currencies											2-year T-Bill	5.59	5.59	5.59	5.59	5.59	5.59	5.59	5.59	5.59
Australia	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	3-year T-Bill	5.59	5.59	5.59	5.59	5.59	5.59	5.59	5.59	5.59	
Canada	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	4-year T-Bill	5.59	5.59	5.59	5.59	5.59	5.59	5.59	5.59	5.59	
France	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	5-year T-Bill	5.59	5.59	5.59	5.59	5.59	5.59	5.59	5.59	5.59	
Germany	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	10-year T-Bill	5.59	5.59	5.59	5.59	5.59	5.59	5.59	5.59	5.59	
Japan	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	10-year Govt bond	5.59	5.59	5.59	5.59	5.59	5.59	5.59	5.59	5.59	
UK	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1-month	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
Other Currencies										3-month	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
Australia	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	6-month	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
Canada	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	9-month	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
France	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	1-year	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
Germany	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	2-year	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
Japan	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	3-year	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
UK	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	1.50	4-year	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
Other Currencies											5-year	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%
Australia	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	10-year	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
Canada	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	0.69	15-year	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
France	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	20-year	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
Germany	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	0.75	25-year	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	
Japan	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	110.00	30-year	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	5.5%	

Wednesday's 4 P.M.
1,000 most traded National Market securities
in terms of dollar value, updated twice a year.
The Associated Press

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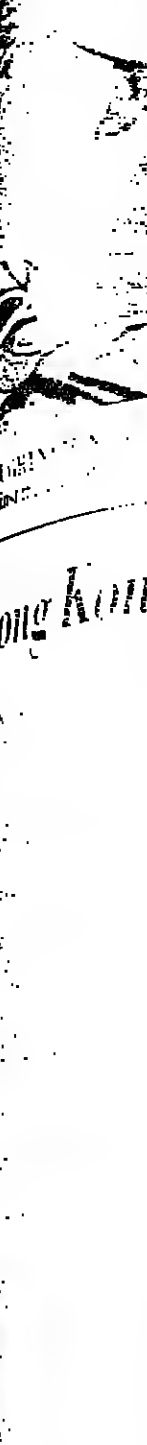
Wednesday's 4 P.M. Close

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Hong Kong Firm

Indo

Bank

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ASIA/PACIFIC



CAUGHT NAPPING—A Korean Confederation of Trade Unions member dozing at a protest against the leadership's decision to cancel a general strike that was to have started Wednesday.

Sumitomo Gives Aid To 5 Korean Banks

By Don Kirk
International Herald Tribune

SEOUL — Sumitomo Bank Ltd. announced Wednesday that it would guarantee letters of credit worth up to \$100 million for five South Korean banks in coordination with the International Finance Corp., an arm of the World Bank.

The move by Sumitomo, one of Japan's biggest banks, appeared to be an effort to quell fears among Korean business leaders that Japanese financial institutions may desert them in a time of crisis.

Although the amount guaranteed by Sumitomo was relatively small in terms of the size of South Korean debt, Sumitomo said its purpose was to enable Korean companies to obtain the credit they desperately needed to conduct foreign trade.

"It's difficult for Korean companies to get trade credits," said James Rooney, president of Ssangyong Templeton Investment Trust Management Co. "That's affected both import and export."

The problem would add to the crisis here "when there's no more raw material with which to make products for exports," Mr. Rooney said.

Fears are growing here that the depreciation of the yen, which is increasing pressure on Japanese banks, may compel those banks to cut off short-term loans to South Korea in an effort to reduce their debts here.

"My biggest concern about Korea is the implication for Japanese banks," said Stephen Marvin, chief of research at Jardine Fleming Securities here. He noted that exposure of Japanese banks in South Korea, which totals \$22 billion, is larger than that of the banks of any other country, partly as a result of Japan's massive current-account surplus.

The plan announced by Sumitomo calls for it to guarantee 60 percent and the International Finance Corp. to guarantee 40 percent of letters of credit from South Korean banks for local manufacturers.

The show of support by one major Japanese bank, however, was not expected to create confidence in the viability of the South Korean banking system or the companies that continue to rely heavily on the banks for credit.

Nor did promises of support given to President Kim Dae Jung during his visit to the United States this week have much impact.

As evidence of the worries here about the declining yen, the benchmark index of the Seoul stock market finished 14.68 points lower, at 324.54.

Pressure mounted on South Korea's conglomerates, or *chaebol*, to accept the need for sweeping overhaul.

Kim Joong Kwon, chief presidential secretary, said, "Revamping *chaebol* is essential for the company itself and for the national economy." He predicted "a big deal will be made soon" involving a swap of entities among the major *chaebol*.

As one solution to the banking crisis, the chairman of Daewoo Group, Kim Woo Chong, proposed establishment of several enormous banks with funds from each of the "big four" *chaebol* — Hyundai Group, Samsung Group, Daewoo Group, and LG Group. They in turn could take over troubled local banks and set up joint ventures with foreign banks.

Analysts sharply criticized that proposal as another effort by the conglomerates to avoid serious reforms while collaborating against government pressure.

"Whenever a *chaebol* has owned a financial institution, it turns into a piggy bank for the *chaebol*," Mr. Rooney said. "Where do they get the money from? They have to borrow it. Then they'll lend it back to themselves. It's a shell game."

Chaebol leaders are barred from owning more than 4 percent of any bank under current law, but there is a move to change the law so they could own a much larger percentage.

"The leaders of the top 50 *chaebol* are responsible for this mess by overinvesting and overborrowing," Mr. Marvin said. "Now basically the government is holding this together with bubble gum."

With South Korean companies and banks already \$500 billion in debt, including more than \$150 billion to foreign banks, Mr. Marvin said the government had no choice but to take "quick, forceful action to liquidate many *chaebol* and raise substantial funds off shore for recapitalizing the banks."

Otherwise, he said, "the country will slide into a deep depression next year."

In any case, Mr. Marvin said, "We're headed toward a full-blown banking crisis." He predicted that at least two more *chaebol* will collapse in the next few months.

Investor's Asia

Hong Kong Hang Seng	Singapore Straits Times	Tokyo Nikkei 225
11750	1750	17000
11000	1600	16400
10250	1450	15800
9500	1300	15200
8750	1150	14600
8000	1000	14000
1998	1998	1998
Exchange Index	Index	Wednesday Prev. Close
Hong Kong Hang Seng	7,979.37	8,391.46
Singapore Straits Times	1,067.61	1,117.23
Sydney All Ordinaries	2,502.90	2,623.90
Tokyo Nikkei 225	15,336.30	15,590.17
Kuala Lumpur Composite	488.86	505.64
Bangkok SET	292.10	306.25
Seoul Composite Index	324.54	338.22
Taipei Stock Market Index	7,223.15	7,455.63
Manila PSE	1,917.57	1,994.49
Jakarta Composite Index	408.08	411.07
Wellington NZSE-40	2,067.47	2,068.14
Bombay Sensitive Index	3,311.41	3,468.07

Source: Reuters

Very briefly:

- General Motors Corp. plans to develop a pickup truck with Isuzu Motors Ltd. of Japan for sale in the United States, Europe and Brazil. Isuzu, which is 37.5 percent owned by GM, said the agreement could grow to include sport-utility vehicles. No details on the venture were given.
- The International Monetary Fund's top Asia official, Hubert Neiss, said on arrival in Jakarta that Fund disbursements to aid Indonesia's economy could resume in early or mid-July.
- PT Garuda Indonesia is to return all its leased aircraft and use only planes it owns itself. The state-owned airline's director, Soepandi, told about 1,000 protesting workers at the headquarters that all relationships with companies associated with the family of former President Suharto would be ended.
- The United States and Japan are likely to extend a review of their bilateral insurance agreement until Friday. Japanese officials said the two sides were in disagreement over Japan's deregulation of its main life and nonlife insurance markets.
- China ordered local governments, the central bank and courts to crack down on theft and waste of state property.
- China plans to restrict the imports of steel and steel products to protect loss-making domestic producers and relieve oversupply in the country, the China Metals publication reported.
- Lufthansa AG will establish its Asia-Pacific reservations call center in Melbourne, a move that will create 300 jobs in the city. The center will open in October and handle calls from Japan, Hong Kong, Singapore, New Zealand and Australia, as well as night-time calls from Europe and the United States.
- Peregrine Derivatives Ltd.'s creditors stand to lose more than \$250 million, 80 percent of what they are owed, according to Price Waterhouse, the company's liquidator.
- Burns, Philp & Co.'s credit rating was cut by three levels, to CCC, by Standard & Poor's Corp. after the food ingredients company said its debt rose more than 10 percent as the Australian dollar slumped. The company has sold off most of its assets to pay back creditors.

Hong Kong Firms Hedging on Yuan

HONG KONG — Hong Kong companies, among the largest investors in China, are starting to hedge against the risk that the yuan may buckle like other Asian currencies.

A Chinese company based here, Shum Yip Investment Ltd., said Wednesday that it was moving to insulate itself from a possible depreciation of the yuan, the only currency in the world to strengthen against the dollar in the past year.

New World Infrastructure Ltd., Cheung Kong Infrastructure Ltd. and other Hong Kong companies are considering similar steps, executives said.

A steady depreciation in the yen is hurting China's trade and, coupled with devaluations of the Thai baht and other Asian currencies, ultimately may force Beijing to try to increase exports with a cheaper currency, analysts said. Such a move probably would send currencies reeling across Asia.

China has repeatedly vowed not to follow other Asian countries in letting its currency weaken. The weakening yen, though, may be the final straw, some analysts said.

Highlighting fears that the slipping

yen was hitting demand for Chinese exports in Japan, Chinese trade figures released Wednesday showed exports fell 1.5 percent in May from a year earlier, the first such decline in 22 months.

Although Beijing gave no country breakdowns for its exports, analysts said Japan was the likely principal cause of the May decline.

"The big one is probably Japan," said John Seel of Bear Stearns Asia in Hong Kong. "Imports from China were down 6 percent in April, and you're probably looking at something much bigger than that for May."

Some economists say that a 33 percent depreciation of the yuan in 1994 was at least partly responsible for the Southeast Asian financial crisis, as it allowed China to amass huge trade surpluses at the expense of its neighbors. Some analysts say that another yuan devaluation would likely unhinge the Hong Kong dollar's peg to the U.S. dollar and set off a new round of competitive devaluations among regional economies.

Tung Chee-hwa, the chief executive of Hong Kong, said Wednesday that his administration was determined to keep the currency peg.

"Let me stress the government's determination to defend the linked exchange rate has not changed one bit," he said.

But Shum Yip Investment, which is controlled by the southern Chinese city of Shenzhen, increased its borrowing in yuan in case the currency weakens and makes paying off debts in other currencies more expensive, said Wen Guilan, an executive director. Shum Yip, which invests in property and transportation, earns money in yuan.

"It will remove our currency risk," Mr. Wen said of the borrowing plan.

Shum Yip has about \$204.8 million of cash on hand, mainly in U.S. dollars, Mr. Wen said. It has used part of that as deposits and collateral for its Shenzhen-incorporated subsidiaries to get yuan loans for their investments on the mainland.

New World, one of Hong Kong's biggest investors in China, is also planning to hedge.

The company, which has invested \$3.2 billion in mainland roads, ports, housing and power plants, plans to borrow in yuan for the first time to finance projects, it said this week. (Bloomberg, Reuters)

Tokyo Considers Revaluing the Yen

TOKYO — Japan's governing party will draw up legislation by the end of September that calls for a revaluation of the Japanese currency, a news report said Wednesday.

The Liberal Democratic Party's subcommittee on denomination wants to revalue the yen at roughly 1 yen to the dollar, the Kyodo news agency reported.

The dollar has risen sharply against the yen in recent days, surpassing 140 yen.

The goal of the proposed revaluation would be to make the yen more competitive as an international currency with the dollar and Europe's single currency, which will be introduced Jan. 1, 1999, Kyodo said.

Most of the lawmakers on the committee support the move, it added.

Party officials were not immediately available to comment on the report.

It remains uncertain, however, if the idea would ever make it to a vote in Parliament.

The Finance Ministry has rejected similar proposals in the past, dismissing plans for a new yen as unnecessary and disruptive.

Indonesia's Biggest Carmaker Shuts Plants, Citing Economy

Compiled by Our Staff From Dispatches

JAKARTA — PT Astra International, Indonesia's largest automaker, said Wednesday that it had halted production because of the collapse of the country's currency and its worst economic crisis in more than three decades had wiped out demand for its vehicles.

The company also shuffled its top executives, removing from its board several figures close to former President Suharto. Among them was long-time confidante, Mohammed Hasan.

Somala Wiria, a former president director of Bank Negara Indonesia, was appointed president commissioner to replace Mr. Hasan.

Rini Soewandi, who replaced Theodore Rachmat as president director of Astra, said the production halt would last two months.

She said Astra would seek to increase its car and car component exports to Japan and Malaysia during the economic crisis. "We look for market opportunity through export," Miss Soewandi said.

The plunge in the rupiah has raised the cost of imported parts and jacked up borrowing costs, pushing the price of Astra's vehicles beyond the reach of most Indonesians.

"From a fundamental side it's pretty hopeless — they have debts in U.S.

dollars, their rupiah loans are huge, interest rates are sky-high, and there's demand-side pressure as well," said Charles Phoa, automotive analyst at DBS Securities in Jakarta.

Astra's plight shows how quickly Indonesian companies have gone from high-flying success stories to stock-market pariahs.

Astra's shares fell 50 rupiah on Wednesday, to close at 975 rupiah. They are down about 80 percent since the beginning of the Southeast Asian currency turmoil in July, after trading at 7,900 rupiah in the first half of last year.

Astra has about \$2 billion in foreign debt, about 30 percent of which was not bedged against currency depreciation, said the company's finance director, Doris Setiawati Herlambang, another of the new company appointments.

Last week, Indonesia negotiated an agreement with creditors that gives cash-strapped companies a three-year grace period on repaying the principal.

Astra will not participate in the plan, Miss Soewandi said, because its creditors have helped in arranging rollovers of its loans. About three-quarters of Astra's bank loans are from Japanese banks, she said. Astra's biggest creditor banks are Fuji Bank and Bank of Tokyo-Mitsubishi. (Bloomberg, Reuters)

CROSSWORD

- ACROSS**
- 1 Poly-act subjects
 - 5 Overshadow
 - 9 Costlier's role in
 - 10 "The Untouchables"
 - 14 Skip
 - 15 Symbol of richness
 - 16 Like some singing
 - 17 Six-foot vis-à-vis five-foot
 - 19 Administer
 - 20 Beside oneself?
 - 22 Beet
 - 23 Exit
 - 24 Big name in gyms
 - 25 Expensive eggs?
 - 26 A growing concern
 - 29 Give a hand
 - 30 Operate
 - 32 End of a list of names
 - 34 Botch
 - 36 War stal.
 - 37 Group with a hint to this puzzle's theme
 - 41 Middling mark
 - 42 Acclaim
 - 43 Make out
 - 44 Abbr. in a marathon time
 - 45 "When Love" (Van Halen hit)
 - 46 French books
 - 48 Cable info.
 - 49 Thrill
 - 51 Dummy
 - 54 Flying body?
 - 55 Lincolnesque
 - 56 Familiar political promises
 - 61 Aloud
 - 62 Comic Johnson
 - 63 First name in beauty
 - 64 Squint (at)
 - 65 Site of a W.W.I. Allied victory
 - 66 They have bar signs
 - 67 "Smooth Operator" chanteuse
 - 68 Scintilla
 - 69 Shirt sizes
 - 70 Architect — van der Rohe
 - 71 Opposite of lead
 - 72 Lives
 - 73 Dwindled
 - 74 Provides
 - 75 Boombox button abbr.
 - 76 Something for nothing
 - 78 Bond material
 - 79 Woman of Paris
 - 80 Attempts
 - 81 Director Sidney
 - 82 Old-fashioned conveyance
 - 83 Xerox products
 - 84 Bone: Prefix
 - 85 Spacially, so to speak
 - 86 Vexed
 - 87 Jane who stayed at Thornfield
 - 88 Vene dir.
 - 89 Things on rings
 - 90 Covers the earth
 - 91 Marker
 - 92 Noted object of a wall
 - 93 Order to Fido
 - 94 King Arthur's father
 - 95 Noctile
 - 96 Shows curiosity
 - 97 Midesee chief
 - 98 Lure of sailors, in myth
 - 99 Assignments
 - 100 Muck
 - 101 Prefix with thermal
 - 102 Making (out)
 - 103 One who can hardly be made out
 - 104 Wraps up
 - 105 Sweethearts
 - 106 Suffix in rock names
 - 107 Bethrop, at times
 - 108 Attempts
 - 109 Director Sidney
 - 110 Old-fashioned conveyance
 - 111 Xerox products
 - 112 Bone: Prefix
 - 113 Spacially, so to speak
 - 114 Vexed
 - 115 Jane who stayed at Thornfield
 - 116 Vene dir.

Solution to Puzzle of June 10

CODE SPEND SECT
HOB ERROR ALAS
AINT PETROUCHKA
COQUETTE INKIER
DIAR DEF
EMIRATES SAUNAS
MARY ALTO SLUMP
END GISELLE TAD
RETRO ARIA ACID
STEELY NOCTURNE
ODE ARA
IDERIA BARBECUE
CINDERELLA OKLA
EDGE MEALS LENS
TERR SLUSH ERAT

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speaking 39 languages

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in Euro denominated
issues

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generated outside
France

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PARIBAS Thinking beyond banking

INTERNATIONAL

GM:
Striking a Chord

Continued from Page 11

GM's hourly workers are enormous. "It's not just Flint and our community. It's the whole country," she said. "GM's trying to whipsaw one plant against another to speed up production. We just can't trust them."

And the mood of the strikers? "A lot of them said we should have done this a long time ago," Ms. Jackson said.

In the past 20 years, GM has cut employment in Flint to 35,000 workers from 76,000, and it says 11,000 more jobs could be eliminated over the next few years. For workers, the biggest blow was the announcement late last year that the company was closing down its huge Buick City assembly plant in 1999.

Among its total U.S. work force, GM has trimmed 297,000 hourly jobs over the past 20 years, cutting the overall number of jobs to 223,000. In the early 1980s, both Chrysler Corp. and Ford Motor Co. were forced to cut their work forces in half to survive financially.

Some of the jobs were moved to Canada and Mexico, where plants were either more efficient or less costly, but the bulk of the people were simply replaced by machines.

The strike has forced GM to shut down assembly and parts plants and idle workers across the United States and Canada. If the strike continues, it could force GM to close at least 16 major plants in the United States, Canada and Mexico.

Adding to the pressure is a strike deadline of 7 P.M. Thursday at a second, larger GM plant in Flint that supplies parts to virtually all GM cars and trucks. A strike by the 5,800 UAW members at the Flint East plant, combined with the 3,400 workers already striking at the metal-stamping plant, would cripple GM



Striking United Auto Workers talking outside the General Motors metal center in Flint, Michigan.

car and truck production nationwide.

The UAW says it called the strike because the company has failed to live up to its promise to invest \$300 million in the stamping plant, which makes fenders, doors, hoods and other sheet-metal parts for most of GM's full-size light trucks and some cars. The union says the investment is a necessary signal that GM intends to keep the plant open.

GM says it has already invested some money in the plant — it will not say how much — but it is not going to spend the rest until the UAW honors a commitment to ease work rules. Then, GM said, the company can take full advantage of new equipment already in place.

Vice President Donald Hackworth said last week that the company was

investing \$21 billion in the United States between 1997 and 2001. This, he said, was more than GM would invest in the rest of the world during the same period.

"The real issues are the noncompetitive work practices at this plant that do not allow the equipment to reach its designed output," he said.

Union officials contend that the plant is efficient and they have made all the concessions the company has demanded. But some analysts say the Flint plant is simply not competitive.

"At present, it's a rotten plant," from the perspective of competitiveness, said Dave Cole, director of the Office for the Study of Automotive Transportation at the University of Michigan. For example, in round numbers, industry surveys show the

Flint plant produces 100 parts per worker, compared with an estimated 400 parts per worker at Toyota Motor Corp.'s manufacturing facilities in the United States.

George Peterson, president of AutoPacific Inc., a California-based auto industry research and consulting firm, said that in non-UAW plants in the United States, such as the Marysville, Ohio, factory of Honda Motor Co.'s U.S. subsidiary, workers have multiple skills and are capable of performing multiple tasks. That kind of versatility, he said, helps Honda cut production costs.

"It's still possible to have a full-time job in this industry, if you are willing to do more than one job," Peterson said, referring to the UAW's concerns over job security.

ASIA: Fears Over Yen's Fall Pull Down Markets

Continued from Page 1

Chinese may not be too happy" with a falling yen.

Highlighting fears that the falling yen was curbing demand for Chinese exports in Japan, Chinese trade figures released Wednesday showed exports had fallen 1.5 percent in May from a year earlier, the first such decline in 22 months, Reuters reported from Beijing.

Although China gave no country breakdowns for its exports, analysts said Japan's ailing economy and weak yen were probably the cause.

Most analysts say that if China eventually devalued the yuan, that would plunge Asia into another round of competitive devaluations, a possibility that becomes more likely the faster and farther the yen tumbles.

The weaker Japan's currency, the more incentive for traders to bid down currencies in the countries that compete with Japan for exports, including South Korea and Taiwan.

But a weakening yen also threatens China, not so much because Japan and China export the same kinds of goods, but because Japan is one of China's most important trading partners, taking about 20 percent of total exports.

The rest of Asia accounts for about 40 percent of China's total trade. Of all Asian countries outside Japan, only Singapore is more dependent on trade with the rest of the region, according to the Bank of America. As the yen falls, it drives down currencies across Asia, which also makes Chinese goods more expensive to consumers in those countries.

In Paris, deputy finance ministers from the Group of Seven leading industrialized nations discussed Wednesday "the possible adverse consequences of yen weakness on Asia and the global economy," according to Lawrence Summers, the U.S. deputy treasury secretary. But they agreed only to continue to watch developments on foreign exchange markets.

As investors hammered Asian shares, Thai stocks were the worst hit, falling 5.2 percent.

In Hong Kong the benchmark Hang Seng Index sank to its lowest level since 1995, almost 6 percent down on the day, before staging a slight recovery. It finished down 412.09 points, or 4.9 percent, at 7979.37.

The benchmark Malaysian index fell by 3.4 percent, while the Singapore index dropped 3.9 percent and the Seoul benchmark fell 4.3 percent.

Even Taiwan's often-impregnable markets came under siege. Stocks there slid 3.1 percent to a seven-month low, and the Taiwan dollar slid to its lowest level against the U.S. dollar in 11 years.

The U.S. dollar gained against every major floating Asian currency except for the South Korean won, in several cases by large margins.

The dollar gained 8.4 percent against the Indonesian rupiah, 2.5 percent against the Philippine peso and 0.6 percent against the Taiwan dollar.

The U.S. dollar rose 1 percent against the Thai baht.

The sharp fall in Hong Kong stocks came from "concern over the yuan and the sustainability of the peg," said Jo Peich, head of research at brokerage ING Barings in Hong Kong, referring to the Hong Kong currency's peg to the U.S. dollar. "We don't believe the peg is going to go, so that means high interest rates."

The Hong Kong dollar remained steady Wednesday, but uneasiness over the future of the fixed exchange rate sent the benchmark three-month interbank rate up to 11 percent as the demand for foreign currency grew.

The three-month rate began last week at 8.5 percent. Increasingly volatile rates in Hong Kong have led to a severe contraction in lending, making it harder for even blue-chip companies to borrow from local or foreign banks.

Particularly battered Wednesday were shares of mainland companies traded in Hong Kong, many of which fell by more than 5 percent in what appeared to be indiscriminate selling.

"Different companies have different foreign exchange risk, but if you're selling down the whole economy due to currency issues, everybody gets it," said Maurien Yau, a China analyst at Bear Stearns & Co. in Hong Kong.

Several blue-chip Hong Kong companies also were pummeled after Moody's Investors Service Inc. either downgraded their debt or put it on review. Debt of the conglomerate Wharf Holdings now trades just one notch above "junk" level.

Swire Pacific Ltd., a property company that owns part of Cathay Pacific Airways, has been threatened with a debt downgrade, as has the property developer Hysan Development. Hysan stock fell 12.5 percent.

STRIKE: Air France Pilots Call Off the Walkout

Continued from Page 1

determination to obtain economies and improve competitiveness. Other groups of Air France workers made it clear during a meeting with management that they wanted an end to the strike along with measures to ensure the survival of the company, which has about 45,000 staff.

The Air France president, Jean-Cyril Spinetta, announced earlier this week that he would call an extraordinary board meeting to consider important decisions, which airline sources interpreted as a threat to impose a new salary scale unilaterally, with unpredictable consequences for social and labor relations.

The management agreed to scrap a two-tier salary structure by which beginning air crew were to be paid according to a lower scale, which the pilots argued would not be conducive to good relations in the cockpit. But Air France kept the right to recoup training costs by paying "cadet pilots" a lower salary for five years.

The pilots agreed to a seven-year salary freeze, and said they would accept company shares in return for salary cuts, but only on a voluntary basis for seven years. The details of the salary-shares swap were left to be defined during new negotiations to be concluded by Aug. 31. The government is expected to float up to 20 percent of the company on the stock exchange later this year, with a defined amount reserved for the pilots and other members of the Air France staff. The company said it would introduce a system that would make it attractive for employees to invest in the company.

With the soccer World Cup underway without major disruption, the pilots lost their chief bargaining weapon. Rival airlines moved quickly to pick up business, with British Airways — which operates a French subsidiary, Air Liberté — saying it made an extra \$1 million a day during the nine-day strike.

The pilots had resisted any cut in salary,

pointing to the airline's 1.8-billion-franc profit last year after several years of heavy losses. The management said it needed to raise money internally to buy new aircraft. The airline has received 20 billion francs in taxpayer subsidies in recent years, but EU rules forbid any further recourse to public funds.

The airline also faces increased competition abroad and on its own turf because of EU airlines deregulation, and leaner times ahead because of an eventual downturn in the business cycle. The Boeing Company has already announced a 30 percent reduction in its production of wide-bodied jets because of weakening demand.

All sides expressed relief after the agreement was reached. It "provides a framework favorable for stability within the company," the main pilots' union, the SNPL, said.

Air France said the deal would provide "the basis for stable labor relations."

Mr. Jospin said the agreement put at the disposal of the company means "to continue its development."

Mr. Spinetta said it would fully enable the company to achieve its savings targets. For the last several days, Air France has succeeded in getting only 25 percent of its flights off the ground, but was committed to providing an extra 160 special flights to convey World Cup teams and their entourages around the country during the 33-day tournament.

The pilots' walkout and a host of lesser labor disputes sought to capitalize on the World Cup, but failed to result in the transport chaos that some had predicted. Competing independent airlines took advantage of the stoppage to raise their profile among the French public, and other carriers absorbed much of Air France's long-haul business. A threatened rail strike resulted in only minimal disruption Wednesday in a few specific areas, including Marseilles and St. Etienne, a spokesman for the state railroad company said.

SIR LEON: Time Is Short for His Trade Agenda

Continued from Page 11

gordians. When asked what he actually thought of Mr. Chirac's opposition to his original proposal, Sir Leon pulled no punches. "The truth is that the objections raised by Chirac were nonsense," he said. "French industry actually wanted this."

Despite the French objections, the trans-Atlantic talks seem likely to proceed.

In Washington, an aide to Charlene Barshefsky, the U.S. trade representative, confirmed American interest in developing the trans-Atlantic initiative into a formal negotiation. "We are working on this one, and I think it will go ahead," a U.S. trade official said.

Sir Leon, meanwhile, was also able to claim a European victory of sorts last month in the long-running dispute over the Helms-Burton Act and other U.S. legislation that would have punished European companies that do business with countries such as Cuba or Iraq. A compromise over that dispute was announced by President Bill Clinton and European officials on May 18.

Less easy for the ambitious Sir Leon, however, will be his efforts to win over Washington on the delicate matter of relaxing the terms under which China may join the World Trade Organization.

"There is a difference of perception," Sir Leon said, adding that China should be allowed to join now and phase in its market liberalization measures over time. "It is not true that Europe is trying to make a quick buck by being soft on the Chinese," he said.

Ms. Barshefsky, by contrast, recently assailed Beijing for not having yet made "a political decision" to open its markets enough to qualify for membership in the trade organization. Only a surprise breakthrough during President Clinton's upcoming visit to China could lead to early

membership for Beijing, U.S. officials say. Europe's high-flying trade commissioner also faces an uphill fight in trying to launch another round of wide-ranging global trade talks. Sir Leon claims that he has the support of Japan and Latin America and makes much of the fact that in agreeing that the U.S. would chair preparatory talks later this year, Mr. Clinton used the word "round" during a recent speech.

But Ms. Barshefsky is lukewarm to the Millennium idea, and she countered in an interview that Mr. Clinton "made clear that in today's economy, we cannot take 10 years to talk, as in the Tokyo Round, or 7 years as in the Uruguay Round."

The U.S. priority is to press for the EU to cut its \$50 billion of annual farm subsidies, and aides to Ms. Barshefsky point out that agriculture trade talks are due to begin by the end of next year — with or without a more far-reaching trade round such as the one Sir Leon wants.

Sir Leon insists that Europe is committed to "bringing agriculture closer to the market." And in response to U.S. objections to the Millennium Round he offered a compromise: "We are more than ready to contemplate an arrangement by which we can have an early harvest in some trade sectors. That is not inconsistent with the Millennium Round."

A trade official familiar with Sir Leon's strategy said that "one of the reasons why Leon wants a big and comprehensive trade round is that agricultural reform is a bitter pill to swallow, and he wants to put honey on it, meaning as many other items as possible that France and Germany will like."

Sir Leon denied this, and noted that the upcoming talks on agriculture "are included and have a date attached to them." The problem for Sir Leon, however, is that when that date arrives, at the end of 1999, he may no longer be the EU's trade commissioner.

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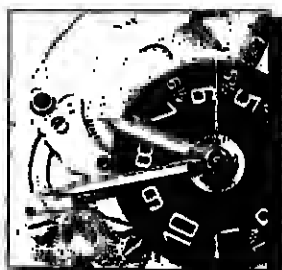
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WORLD ROUNDUP

Graf Is Victorious
In Comeback Match

TENNIS Steffi Graf, playing her first professional match in four months, rallied to beat Rennae Stubbs in three sets Wednesday at the DFS Classic in Birmingham, England.

Graf, the former world No. 1, lost the first set but recovered to defeat the Australian 5-7, 6-2, 6-4, in 1 hour and 51 minutes. The two players, who are close friends, hugged at the net after the match.

Graf started the match with a brace on her left knee and removed it early in the first set, in which Stubbs broke her service twice. But the German took control in the second set, and her service break in the first game of the third set held up the rest of the way.

In Halle, Germany, Petr Korda, the top seed, lost in straight sets Wednesday to Paul Haarhuis at the Gerry Weber Open. The Dutchman beat the world No. 3, 7-6 (7-4), 6-4, in the grass-court run-up for Wimbledon. Richard Krajicek, seeded No. 3, beat Tommy Haas of Germany, 3-6, 6-4, 6-1. (AP)



Richard Krajicek hitting a backhand return to Tommy Haas.

New Owner for Rangers?

BASEBALL Tom Hicks, a media mogul, appears set to become the new owner of the Texas Rangers.

Baseball owners are expected to approve the \$250 million sale of the Rangers by a group headed by Governor George Bush of Texas to Hicks, who already owns the Dallas Stars of the National Hockey League. Rupert Murdoch recently paid \$311 million for the Los Angeles Dodgers.

Leann Dykstra, the Philadelphia Phillies' centerfielder, said he would not play baseball again because of back problems that have kept him out of the lineup for the past year and a half. Dykstra stopped short of declaring his retirement, saying such an announcement would probably come after the season. An earlier formal announcement would void his \$5.5 million contract this year. (AP)

Makeover at The Masters

GOLF The Augusta National golf course, home to The Masters, will receive some minor modifications in a concession to the current crop of long-hitting golfers, such as Tiger Woods.

Tees at the par-5 second hole and the par-4 17th will be moved back, and the fairway mounds at the par-5 15th hole will be cut down. "These young men are hitting the ball a lot further these days," said William Johnson, the new chairman of the Augusta National Golf Club and the Masters Tournament. "All the changes at No. 2, No. 15 and 17 will call for greater accuracy off the tee." (Reuters)

Fuzzy Zoeller, the 1984 U.S. Open champion, and Jeff Sluman, the 1988 PGA champion, qualified for this year's U.S. Open in a sectional playoff in Summit, New Jersey.

Eighty-nine qualifiers from 12 sites will join 67 exempt players at The Olympic Club in San Francisco for the opening round June 18. (AP)

One-Two Punch KOs
Capitals in Opener

Wings Win After Scoring on Consecutive Shots

By Rachel Alexander
Washington Post Service

DETROIT — The Detroit Red Wings scored on consecutive shots in the first period and held off a late Washington Capitals charge to win the opening game of the Stanley Cup finals, 2-1.

The double blow, coming within a span of 2 minutes and 14 seconds on Tuesday night, was too much for the Capitals to overcome.

STANLEY CUP FINALS

Capitals to overcome. Reeling, they went without a shot in the first nine minutes of the second period.

Although Richard Zednik scored for the Capitals late in the second, temporarily reviving the Washington attack, the teams battled evenly in the third period with neither being able to score.

Olaf Kolzig had a total of 29 saves for Washington and Chris Osgood had 16 for Detroit.

"We had a couple of shifts where our number one and number two lines got outplayed by their number three and number four lines," said Ron Wilson of Washington. "We got a little casual, a little lackadaisical with the puck, and they made us pay."

Since 1959, the team that has won Game 1 of the Stanley Cup finals has gone on to win the series 80 percent of the time.

After a failed scoring chance by the Capitals less than two minutes into the first period, Washington had trouble crossing the Detroit blue line, even on an early power play. Except for brief interludes, the rest of the period consisted of Red Wings chances, Red Wings cheers and, eventually, Red Wings goals.

Detroit broke through after the right wing Joe Kocur found himself alone in front of the net with the center Doug Brown poised for a perfect pass. A Washington defenseman, Joe Reekie, attempted to stop the feed with a dive to the ice, but the puck slid under his chest and Kocur was able to knock it into the exposed side of the net at 14:04 of the session.

Ear-splitting cheers shook the arena, and many fans were still standing when Niklas Lidstrom, the Detroit defenseman, extended the lead to 2-0 just over two minutes later using Tomas Holmstrom's perfect screen. The fans, already rowdy, roared again. The Capitals, in relative disarray after Kocur's goal, sagged even lower.

"They scored twice on a couple of bad plays," the Washington left wing Joe Juneau said. "I thought we started

pretty good but as soon as they got the first goal we started panicking. The breakouts were awful and we started giving the puck away."

The Capitals seemed to regroup defensively during the first intermission, but they continued to struggle offensively in the second period. They kept working their way over the Detroit blue line and the Red Wings kept sweeping the puck back into the neutral zone. The Capitals didn't record a shot until just after the nine-minute mark, and when they did, Osgood was able to make a glove save on Phil Housley.

The Capitals kept working and eventually made progress. The right wing Peter Bondra started Washington's goal with an excellent play to keep the puck in the Red Wings' zone. Andrei Nikolishin then took the puck into the slot and dropped it back to Zednik, who let loose a hard slap shot that sailed between Kocur and the former Capitals' defenseman Larry Murphy. The puck nicked Osgood's glove before flying into the net at 15:57.

"We have got to do a lot better than that overall," said Scotty Bowman, the Detroit coach. "After we scored the two goals, we seemed to be a little mixed up."

Brendan Shanahan, the Detroit center, said, "We have to have discipline and we got away from that a little bit. I think we have to be on our toes more. It has been a bad habit of ours to get back on our heels when we have the lead."

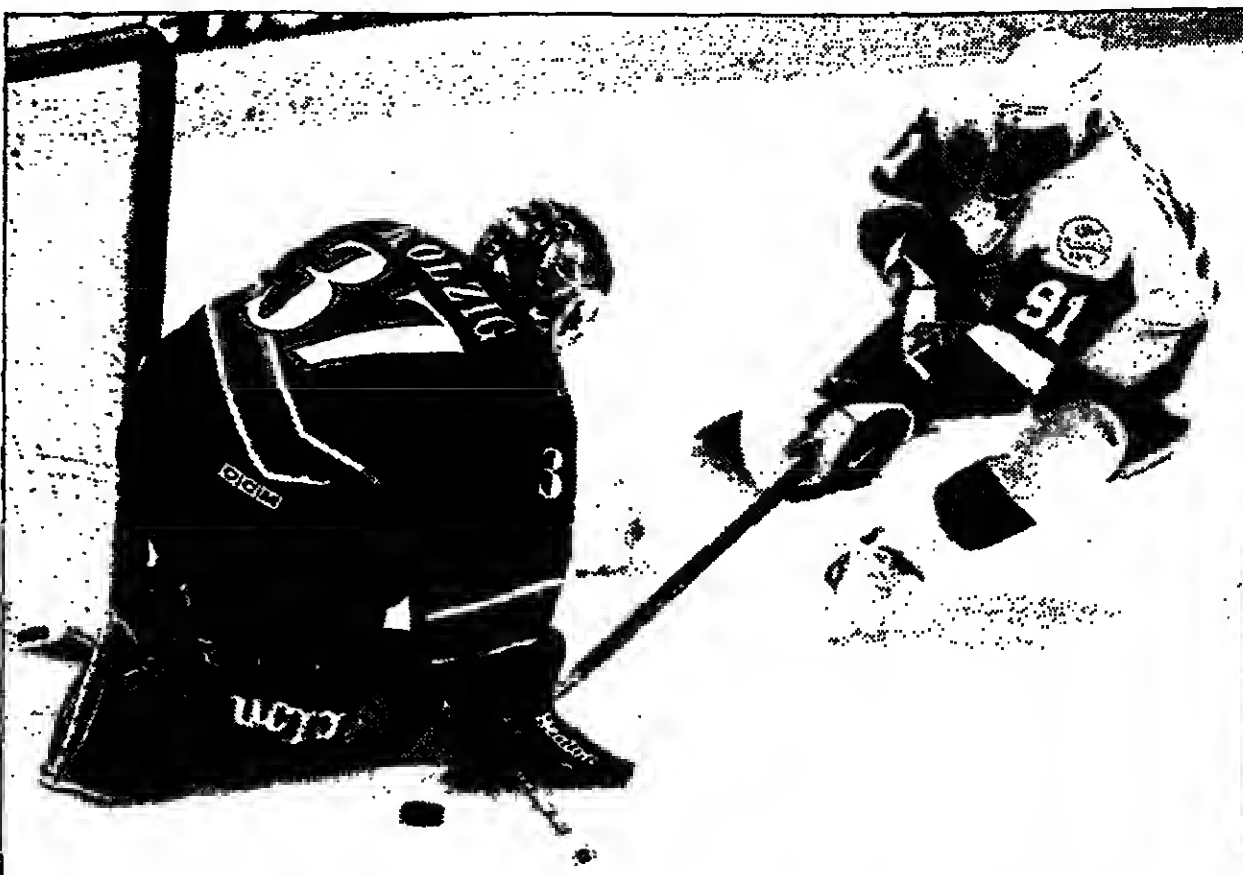
A deep silence fell over the arena as the Capitals celebrated Zednik's goal, and the rest of the game was a battle of close calls on both ends. In between, the Washington center Dale Hunter did a thorough job of harassing Detroit's captain, Steve Yzerman — twice sitting on him in open ice and once drawing Yzerman into a penalty. But neither of Hunter's efforts nor those of his teammates near the net could tie the game for Washington.

The Capitals were left to ponder their strategies for Game 2.

"I think we were tight," Wilson said. "We showed the effects of a layoff. We seem to play much better when we find ourselves in a rhythm, and that's what I'm looking forward to coming back to on Thursday."

"We felt we put ourselves in a position to win Game 1 and we didn't," Wilson added. "Back to the drawing board. If we come out with the same effort we had over the last 30 minutes, we'll be okay."

In the third period, the Capitals had four straight chances on Osgood, none of which came close to getting past him.



The Capitals' goaltender, Olaf Kolzig, thwarting a scoring attempt by Sergei Fedorov of the Red Wings.

A Battle on the Airwaves, Not the Ice

The Associated Press

GARY Bettman does not expect a series for the ages. That would be asking too much.

Although such a series might be fair compensation for the season the NHL commissioner has just been through, he's been in the leadership business long enough to know the scales don't always move according to what is fair.

So all he asks for, as the Stanley Cup finals between the Detroit Red Wings and the Washington Capitals get under way, is a strong finish to the season.

"We're going to get, for us, unprecedented exposure over the next two weeks," Bettman said. "And how much passion we generate will depend on how long the series runs. If we get a long, competitive series, the drama will build."

When Bettman starts talking that way, everyone who knows him knows what comes next. "When people are exposed to our game," he said, "they get hooked by it."

That's what every survey Bettman has commissioned since taking over the National Hockey League five seasons ago tells him. In fact, the president of the United States told him the same thing just last week.

Bill Clinton became the first sitting

Vantage Point/JIM LITKE

president to make it to the NHL playoffs when he took in a game between the Capitals and the Buffalo Sabres at the MCI Center. The president said he was impressed by how fast and rough the play was, and by how much the drama was heightened when the game spilled into overtime.

But it was the last thing Clinton told Bettman that stuck with the commissioner. "He said the game was so much better in person than on TV," Bettman recalled. "I explained that's no surprise since, time after time, our research tells us we've got the best in-person experience in sports."

That is both hockey's greatest strength and its greatest weakness. The NHL plays its games in buildings filled to more than 90 percent of capacity. But almost nobody watches it on television.

The perception that it's a regional game — strong where it is played, barely a blip on the radar screen everywhere else — is borne out by the numbers. The league's two principal television networks in the United States, ESPN and Fox, have struggled with low ratings, attracting only about 2 million households for late rounds of the playoffs.

In a sense, however, the league partially has itself to blame. This season, the NHL gambled by closing up shop for 17 days to allow its best players to take part in the Olympics. But the CBS network relegated the games to poor time slots, and instead of smashing ratings, the United States team finished the tournament smashing furniture.

Months later, Bettman is still touchy about the subject. "There is still a tendency to confuse the Olympic experience with the U.S. team," he said. "They were not the only reason we went."

The NHL season got off to a rocky start before it even began, when several of the Stanley Cup champion Red Wings were seriously injured in a car crash.

But anybody who gave it a look Tuesday night had to like what they saw. Washington came in nervous against the defending champs, but found their legs before bowing out, 2-1. And so Bettman may still get his wish. There was talk of a sweep, but this looks like a series.

"They are not going away," the Red Wings' center, Kris Draper, said of the Capitals. You hope the same is true of the audience.

Expos Can't Dance to Yanks' Cuban Beat

The Associated Press

Orlando Hernandez, the Yankees' Cuban pitcher, proved his dazzling debut was no fluke.

Hernandez pitched a four-hitter and struck out nine in his second major league start as New York won, 11-1, in Montreal on Tuesday night for his eighth straight victory.

The performance was even more impressive than Hernandez's major league debut last Wednesday against Tampa Bay. In that 7-1 victory, the Cuban defector allowed just one run and five hits in seven innings.

"He's not overpowering, but he can throw a fastball by you, the Yankees' manager, Joe Torre, said. "And he throws from all different places. Juan Marichal is one guy that you can say had the kind of command that we're seeing with Hernandez."

Scott Brosius hit two homers, Luis Sojo had four of New York's 17 hits, and Chuck Knoblauch scored three runs for the Yankees. The Expos' Carlos Perez, who had won his six previous starts, lasted only four innings, allowing six runs on seven hits.

Twins 8, Cubs 0 Kerry Wood, the Chicago rookie who tied a major league record with 20 strikeouts

against Houston earlier this season, had a bad outing as he lost in Minneapolis.

Bothered by a toothache, Wood (6-3) lasted only 3 1/3 innings as the Twins snapped the Cubs' 10-game winning streak and handed the rookie his first loss since April 24.

Red Sox 9, Braves 3 In Atlanta, Dennis Martinez failed in his bid to pass Marichal as the winningest

BASEBALL ROUNDUP

Latin American pitcher in major league history.

Martinez, who tied Marichal's record last week by winning his 243rd game, was knocked out in the fifth inning by the Red Sox. He allowed nine hits and seven runs, three earned, in four-plus innings.

In the seventh, the Chicago centerfielder Mike Cameron made a leaping catch to rob McGwire of a potential 30th homer. McGwire went 1-for-4 with a single.

Martinez 5, Blue Jays 4 Edgar Renteria's run-scoring single in the

ninth gave Florida a victory at home. Livan Hernandez pitched his third complete game, allowing nine hits and four runs. He also had a run-scoring single in the second.

Phillies 2, Orioles 0 Matt Beech pitched six shutout innings and had a career-high nine strikeouts for Philadelphia. Beech, Wayne Gomes and Mark Leiter limited the visiting Orioles to three hits one night after Baltimore collected season-highs in runs (14) and hits (18) against the Phillies.

Pirates 7, Indians 4 In Cleveland, Jon Lieber pitched 6 2/3 strong innings for the Pirates, allowing three runs and eight hits. The Indians' starter, Dwight Gooden, gave up three runs and seven hits.

Angels 6, Tigers 3 Todd Jones blew a save for the second straight night as Houston scored four ninth-inning runs at Detroit to win its fourth straight.

Brewers 6, Royals 3 Marquis Grissom drew a bases-loaded walk with two outs in the 10th and Mark Loretta added a two-run single to lift Milwaukee in Kansas City.

Devil Rays 5, Mets 4 Hideo Nomo was erratic in his debut with New York, which lost when visiting Tampa Bay scored an unearned run in the top of the 11th.

Nomo, acquired from the Dodgers in a trade last week, gave up five hits and four runs in five innings. He also walked three, threw a wild pitch and balked home the tying run in the fifth.

Rangers 5, Rockies 2 In Denver, Juan Gonzalez boosted his major league-leading runs-batted-in total to 78 with a solo homer. Will Clark also homered as Texas handed Colorado its fifth straight loss.

Angels 10, Diamondbacks 8 Cecil Fielder had a grand slam and drove in six runs, and Darin Erstad went 5-for-5 and drove in the go-ahead run as visiting Anaheim woo its ninth straight.

Giants 7, Mariners 6 J.T. Snow hit a three-run homer as host San Francisco extended the majors' longest winning streak this season to 11 games.

Dodgers 5, Athletics 1 Chan Ho Park pitched eight strong innings and Los Angeles took advantage of some shoddy fielding by visiting Oakland.

Padres 5, Reds 1 In San Diego, Greg Vaughn hit a grand slam and Andy Ashby came within two outs of his fourth straight complete game as the Padres won the only National League game of the night.



Scott Spiezio, the Oakland second baseman, leaping for a bad throw from his catcher, Mike MacFarlane.

SCOREBOARD

BASEBALL

MAJOR LEAGUE STANDINGS

AMERICAN LEAGUE				
EAST DIVISION				
	W	L	Pct.	GB
New York	45	13	.776	—
Boston	35	23	.607	11
Toronto	31	33	.484	17
Baltimore	30	34	.469	18
Tampa Bay	27	36	.429	20½
CENTRAL DIVISION				
	W	L	Pct.	GB
Cleveland	28	29	.493	—
Minnesota	28	24	.540	9½
Chicago	25	37	.403	12½
Detroit	23	37	.383	13½
Kansas City	23	39	.371	14½
WEST DIVISION				
	W	L	Pct.	GB
Seattle	39	24	.619	—
Oakland	32	24	.571	3
Anaheim	27	35	.435	11½
San Francisco	27	37	.422	12½
NATIONAL LEAGUE				
	W	L	Pct.	GB
Atlanta	45	20	.692	—
New York	34	25	.576	—
Philadelphia	29	27	.515	14
Montreal	24	38	.387	19½
St. Louis	19	44	.302	25
CENTRAL DIVISION				
	W	L	Pct.	GB
Houston	39	25	.610	—
Chicago	33	25	.569	7½
Philadelphia	32	32	.500	9
Atlanta	30	31	.490	9
San Diego	28	37	.431	12
WEST DIVISION				
	W	L	Pct.	GB
San Francisco	41	24	.631	—
San Diego	40	25	.615	—

26	32	.500	0%
26	39	.400	15%
20	44	.303	20%
101	63	.615	—
MAJ. LEAGUE COACHES			
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Herald Tribune WORLD CUP

THURSDAY, JUNE 11, 1998

WORLD CUP BRIEFS

Chinese Dissident Criticizes Adidas

Bao Ge, a Chinese dissident, said Wednesday that he was launching legal action against the sporting goods maker Adidas for its alleged use of Chinese prison labor to produce World Cup '98 soccer balls.

Bao, 30, said he was "forced by guards" in a labor camp between 1994 and 1997 to make products for Adidas, the official supplier of balls for the World Cup.

He told the Portuguese news agency Lusa in Macau, where he is attending a conference, that he had asked legal representatives in Hong Kong, the United States, France and Germany to sue Adidas.

He said the German sporting goods supplier should be held "responsible and pay compensation for the pain and suffering" prisoners in Chinese labor education camps experienced in making the balls. He said prisoners had "never been paid" for their work. (AFP)

Savicevic Will Miss Game

Dejan Savicevic is likely to miss Yugoslavia's opening game against Iran on Sunday. The striker is struggling to shake off a knee ligament injury.

"Savicevic is having treatment but he still can't go full out," said the coach Slobodan Santrac said. "We're not playing only one game at the World Cup."

The Nigerian defender Jero Shapoke will be replaced by Mubi Oparaku, FIFA said Wednesday. Shapoke broke his left collarbone in a June 5 exhibition match against the Netherlands. There is still uncertainty about the striker Daniel Amokachi, who twisted his right knee in training Tuesday.

Andre Arendse, a South African goalkeeper, damaged left knee ligaments in training and has been replaced by Paul Evans. (AP)

English Club Seeks Coach

Sheffield Wednesday of the English Premier League is attempting to hire Philippe Troussier, South Africa's French coach.

Dave Richards, the club chairman, met with Troussier in France on Tuesday. Club officials said the two were close to a deal.

"Nothing's signed, but we have been talking and there's a very good chance of things succeeding," Troussier said. (AP)

Croatia Struggles

Croatia labored to defeat, 2-1, a team of select domestic players in Vittel, France, on Wednesday.

"We were much too sloppy," said Miroslav Blazevic, the Croatia coach. "You saw Balkan acrobats — but not footballers — who didn't live up to their reputations."

Croatia plays Jamaica on Sunday. (AFP)



Brazil's Leonardo, center, and his teammates celebrating after their victory against Scotland on Wednesday.

KICK: Own-Goal Hands Brazil a Victory

Continued from Page 1

joyfully filled up a fair portion of the 80,000 seats danced away from the Stade de France without some fresh doubts about their team's ability to win this event in the same stadium on July 12.

Brazil has not been impressive in recent months, losing to the United States in February and, more understandably, to Argentina at home in April. Midfield creation again appears to be a problem.

Brazil 2, Scotland 1

although the same problem did not keep Brazil from winning its unprecedented fourth title in the United States in 1994. The team also appears vulnerable defensively, and if Scotland's attacking duo of Kevin Gallacher and Gordon Durie can cause them as many problems as they did Wednesday, what will happen when Brazil runs into truly world-class strikers? But it is far too early to begin writing epitaphs. When Brazil needed a goal with the match even at 1-1, it was able to manufacture one and put itself atop Group A.

Denilson had begun the match on the bench, but after he replaced Bebeto in the 70th minute, Brazil took on a more threatening aspect. Three minutes later, a hit of brilliant footwork by him on the left wing drew the defense in his direction. Brazil's captain Dunga was the next to touch the ball, and he chipped it into the goal mouth, toward which right fullback Cafu and his Scottish escort Gordon Durie were sprinting at a furious pace. Durie tumbled. Cafu lashed out with his left foot and poked the ball at goalkeeper Jim Leighton. Leighton knocked it away, only to watch it ricochet off teammate Boyd's shoulder and into his goal.

Cafu celebrated with a front flip, while the 39-year-old Leighton, who would have done better to control the ball, gave Boyd a commiserative look. "Once again a defender and a mid-fielder were decisive," Brazil coach

Mario Zagallo said, "that's normal; this only proves that marking will be very tight during this World Cup."

After surrendering only three goals in 10 qualifying matches, Scotland's rugged defense would prove more vulnerable on the game's biggest stage.

"We were not humiliated by the World Champions," said Craig Brown, the Scotland coach. "We played well but the best team still won; we gave up two goals we should not have given up."

Though the Scottish fans were shouting and outgassing the Brazilians in the Metro and in the stands before the match began, they quickly fell silent in the fifth minute, when midfielder Cesar Sampaio scored off a corner kick from Bebeto. The 30-year-old Sampaio, perhaps the least celebrated of Brazil's starters, does not play for a top European team like most of his teammates. He plays for the Yokohama Flügels of Japan. But Sampaio is known for being very useful with his head, and considering the sharp angle from which he scored and the sharp-elbowed marking he endured from Craig Burley, his goal was a remarkable effort.

There would be other remarkable efforts in the first half: none more than Ronaldo's in the 19th minute, when he gave a 10-second recital deep in the Scottish half and turned nothing into something worth having on video.

But this would not be the 21-year-old star's night to score his first World Cup goal, and Leighton would save the ensuing shot by diving to his right. As the match wore on, it became clear that Ronaldo's most important role in this tournament may be as a decoy. He created several offensive opportunities for his less famous teammates by drawing most of the defense to him, but at half-time his team was no longer in front.

That was because Sampaio, who had given Brazil the early lead, essentially took it away in the 38th minute by shoving Gallacher in the penalty box when both were chasing a ball. Spanish



An anguished Colin Hendry of Scotland after his side's defeat.

referee Jose Manuel Garcia Aranda, working his first World Cup match, signaled for a penalty kick and gave Sampaio a yellow card — "highly questionable," said Zagallo. After vociferous debate from the Brazilians, Scottish midfielder John Collins struck the ball low and left past the lunging goalkeeper Taffarel to make it 1-1.

If it had stayed that way, there might have been a lot more kilt-raising on the esplanade after this curtain-raising. But the Brazilians' superior talent would once again get the best of Scotland in group play. The question is whether that will do Brazil good in the long run.

Ronaldo's Brilliance Dazzles Opponents

Brazilian Striker's Deft Moves Show Scotsmen Why He's Most Heralded

By Rob Hughes

International Herald Tribune

SAINT-DENIS, France — Paris, as the founding city of international soccer, had billed itself the City of Giants this week.

Brazil, we know, are giants of the game, and their 160 million population gives them a gigantic advantage over a small country like Scotland. But after Wednesday's opening match at Stade de

VANTAGE POINT

France, we cannot yet claim we have seen a giant play, though there was a calling card left by Ronaldo. Give him time and he can — he will — become one of the titans.

Midway through the first half, he performed a movement of balletic beauty, sheer control of body and of the ball, that transcended any of the three goals.

Indeed, it was skill and single-minded adaptability, it was body strength and instinct combined.

A moment does not a career make, so Ronaldo has some distance to travel. But share with me the relief that, after all the sullied FIFA politics that have passed beneath the bridges of the Seine this week, here was a player free to explore his gifts.

Receiving the ball from Cafu on the right, Ronaldo lured Colin Hendry, Scotland's highest and most worldly defender, to him.

"Come closer, Big Colin, come to me," the Brazilian seemed to say. And Hendry bought the invitation. Tighter and tighter he came until, suddenly, Ronaldo swiveled 180 degrees. One moment Hendry had the Brazilian pinned with his back to goal, the next Ronaldo had spun to face him, and was accelerating towards the goal.

There's more. Tommy Boyd and Darren Jackson, two more willing Scots, were closing in. Jackson never got within tackling distance, Boyd did and was wrongfooted by a swiftness of Ronaldo's hips, a deft touch putting the ball out of Boyd's reach. A dexterous movement which belies Ronaldo's middleweight muscularity bemused the opponent.

Hendry wasn't quite beaten. He is nothing if not spirited, this blond Scots captain. He gave chase, but was shaken off again by another bewildering change of direction from the Brazilian. With eight touches of the ball in the space of a few seconds, and Ronaldo was free. The Scottish trio may as well have tried to trap a spider in a fishing net. The end product, a shot lacking Ronaldo's customary venom, was held by Jim Leighton, the Scotland goalie, but that should not detract from an example of the art of soccer that began to show the world why Ronaldo is the most prized player in a world of 200 million footballers.

Pele, Alfredo di Stefano and Carlos Alberto, three of soccer's greats, lament that coaches have too much say, that the game is too systematic for flair to breathe. But Ronaldo suggested there may be no bolder him. He will score before this tournament is over, especially now that he has learned, from the Scots who would not surrender, the ex-

tra meter of commitment that opponents will give at World Cup level.

This was indeed a salutary day at the Stade de France for Brazilians. Joao Havelange, probably the oldest Brazilian in the stadium, gave his final speech as FIFA president. As the octogenarian opened his mouth huge numbers of the 85,000 capacity crowd — many wearing Brazilian yellow — booed him relentlessly. Havelange may have been made honorary president by the FIFA delegates who fawned over him Monday, but those who know him well, his countrymen, were in unforgetting mood.

They have seen his double standards, and they let the two billion viewers watching this opening ceremony know their feelings. Since tickets were reportedly changing hands at a \$1,000 each, they paid for their right.

For an opening match it was pleasing without scaling the heights of drama of the 1990 World Cup opener in Milan when Cameroon shocked Argentina and surprised the world with Roger Milla's ecstatic goal skills in attack and with savage tackling in defense.

If Paris witnessed neither of these extremes, it set a trend which will do the game no ill. Jose Garcia-Aranda, the Spanish referee, showed the yellow card to Jackson, and to Brazil's Aldair and Cesar Sampaio, all legitimate cautions. He gave Scotland a penalty which, in the new strictures of tough action for deliberate foul play, was again on the ball. So, though he came with no convincing reputation, the arbiter did his duty.

That penalty, given when Cesar Sampaio pulled back Kevin Gallacher in the 36th minute, was scored by John Collins, and tied the match at 1-1 because Cesar Sampaio had been allowed by a naive Scottish defense to score first in the third with a glancing deflection following a corner.

That goal, a replica of one Cesar Sampaio scored against Germany in Stuttgart in March, surprised us because European soccer is supposed to be the model of organization, and here was a Brazilian strike capitalizing on lethargy. But Scotland, in the image of its captain, strove manfully to stay in the match against opponents superior in technique, and significantly the running they had to do began to tell soon after Denilson, a Brazilian with quick feet and a quick brain, came on as a substitute.

He, with a matador's swerve on the left, drew the Scottish defense off balance, creating the opening which ended with the unfortunate Boyd scoring the own goal that sank Scotland.

Scotland, the Brave, had fallen and if this Brazil has yet to hit Samba rhythm, remember this is the first match of a long month. It is also the first competitive game Brazil has played at this level since winning the World Cup in Pasadena in 1994. And it is the first Ronaldo has encountered.

He is young. He will learn. But since he boasted he would eclipse the 13 goals record at a World Cup set in 1958 by the Frenchman Just Fontaine, he now has one match down, possibly six to go to hit his target.



Scotland's Tommy Boyd, right, scoring an own-goal and losing the match.

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Tickets for Opener Offered for \$2,500

Compiled by Our Staff From Dispatches

PARIS — Ticket scalpers were demanding 15,000 French francs (\$2,515) for seats Wednesday for the World Cup opener between Brazil and Scotland, as hordes of ticketless fans descended on the French capital hours before kickoff.

The scalpers said prices were being driven sky-high as demand far outstripped supply. The face value of the tickets is from \$25 to \$60.

One scalper from London on the Champs Elysees carried a sign reading, "Je cherche billets. I buy tickets" around his neck. He said tickets were extremely scarce.

There are strict laws govern-

ing ticket sales for the World Cup but the scalpers said the police were not bothering them. "We don't sell on the streets," one said. "We buy and then we sell on to clients who have asked us to get them tickets."

He pulled a wad of currency out of his pocket for the benefit of a television camera crew to show that business had been brisk.

Further along the boulevard a South American scalper gave frantic pursuit after a gust of wind took a precious ticket out of his hand and blew it along the pavement.

Scotland was allocated an initial 5,000 tickets for the opening game

against world champions Brazil in the 80,000-seat Stade de France on the outskirts of Paris. That allocation has turned the Tartan Army into the ticketless army.

"We've paid over £200 for tickets only to find that there are none when we get here," a fan from Dundee said. "The travel firm is giving us the money back but we've paid a lot to get here."

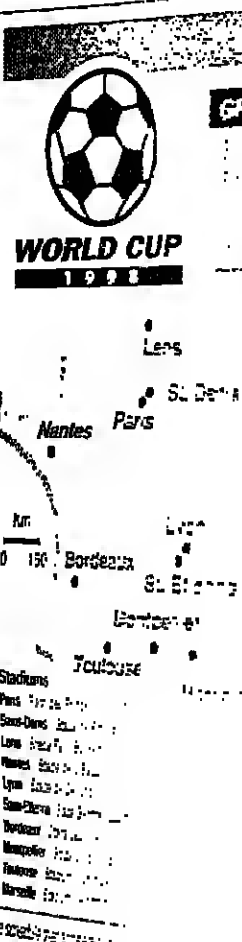
A group of 1,100 Brazilian fans traveled from South America only to learn they had suffered the same fate.

Japanese travel agencies said they were short 12,000 tickets promised to fans for the national team's weekend match against Argentina. (Reuters, AFP)

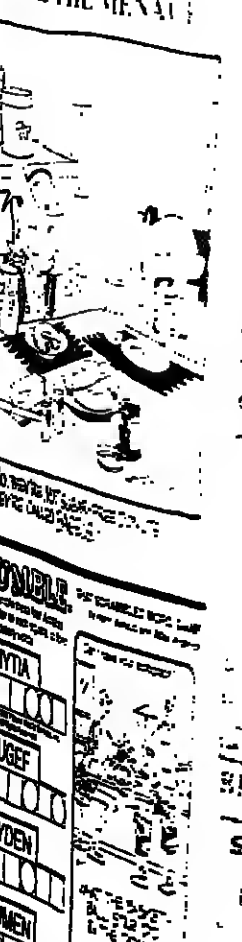
Holed Up in
U.S. Team A

By George...

ST. JEAN-D'ANNOY, France — For reading material, the U.S. team had the latest copy of the U.S. Soccer magazine, a page-turner if ever there was one. The magazine was a family name, and it might be able to help the U.S. team win the World Cup. "I'm a soccer fan," said a U.S. soccer player, "and I'm a soccer fan." The magazine was a family name, and it might be able to help the U.S. team win the World Cup. "I'm a soccer fan," said a U.S. soccer player, "and I'm a soccer fan."



DENNIS THE MENA



SARSE EFF

Good for the Soul

Capturing Macau's Gangland — on Camera

Alison Dakota Gee is a journalist based in Hong Kong.

She is sensitive to the idea of an American taking over a restaurant at the august *Louvre*. "I couldn't possibly do it if there were any kind of resistance," she said. She said she plans to use French suppliers and chefs, working with an advisory committee of friends, including the chef Michel Troisgros; Lulu Peyraud, the owner of a Bandol winery; and the baker Lionel Pouillon.



(kick off your shoes)



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More than 100 people were killed and an estimated 100,000 have fled since the start of the crackdown in February. The Albanians, now known as Kosovo's population, are the most persecuted.

The members of the solution were not able to protect and restore order, while preserving the rights of Yugoslavs — and only Serbia and Montenegro.

The decision came after a...

See V.3T(1), P.450 : 5

World Cup Tickets Bought Seats on

By Mary Jones
and Anne Swann
Barnes

Just hours before M...
to head to the Tokyo...
fly to France, she got...
travel agent phoned a...
her that even though...
\$4,000 to go to France...
Cup, her promised...
had vanished.

The whole point of the World Cup travel tour was to cheer on Japan's team. The Eiffel Tower and the Louvre are not the trip was supposed to be. "I still can't believe it happened to me," said the advertising executive in an interview from her home. "I brought much of the pack in two bags still packed and unwrapped and I am mortally embarrassed."

So are about 100 soccer fans, and press reports, from thousands of fans from the Netherlands.

	November 1977
Andorra	16.9%
Antilles	12.5%
Cameroon	12.5%
Egypt	1.60%
France	5.5%
Gabon	10.0%
Italy	1.80%
Ivory Coast	2.60%
Jordan	1.20%
Kuwait	1.25%
	7.00%

Fre

هكذا من الامم